APPENDIX

TO THE

REPORT

ON THE

AFFAIRS

THE EAST INDIA COMPANY.

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IV.

ADMINISTRATION OF MONOPOLIES.

Opium and Salt.

Ordered, by The House of Commons, *to be Printed,*
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LIST.

COPIES or EXTRACTS of all DESPATCHES sent to INDIA by the COURT of DIRECTORS, since the passing of the Act 53 Geo. III. c. 155, relative to the continuance and administration of the OPIUM MONOPOLY; and of the Proceedings had thereupon.

OPIUM:

No. Page.

1.—DESPATCH from the Secret Committee of the Directors of the East India Company to the Right Hon. the Governor General in Council at Fort William; dated 10 May 1816 1

2.—DESPATCH from the Governor General in Council at Fort William to the Secret Committee of the Directors of the East India Company; dated 11 October 1816 - - 2

3.—DESPATCH from the Governor General in Council at Fort William to the Court of Directors of the East India Company; dated 20 February 1816 - - - - 5

4.—EXTRACT LETTER from the Court of Directors of the East India Company to the Governor General in Council in Bengal; dated 24 October 1817 - - - - 9

5.—DESPATCH from the Court of Directors of the East India Company to the Governor General in Council at Fort William; dated 27 January 1819 - - - - - 11

6.—EXTRACT LETTER from the Court of Directors of the East India Company to the Governor General in Council in Bengal; dated 8 August 1821 - - - - 12

7.—EXTRACT LETTER from the Court of Directors of the East India Company to the Governor General in Council in Bengal; dated 30 January 1822 - - - - 12

8.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 11 July 1827 - - - - - 18

9.—EXTRACT LETTER, in the Separate Department, from the Court of Directors, to the Governor General in Council in Bengal; dated 21 January 1829 - - - - 20

10.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 16 September 1829 - - - - 23

11.—LETTER from the Governor General in Council in Bengal, in the Political Departments, to the Honourable the Court of Directors; dated 10 July 1829 - - - - - 26

ABSTRACT of Correspondence regarding Malwa Opium, from the year 1818 to the year 1828; in Two Parts - - - - - - - - - - - - - 26

RESOLUTION of the Governor General in Council, in the Political Department; dated 19 June 1829 - - - - - - - - - - - - - 42

12.—LETTER, in the Separate Department, from the Governor General in Council in Bengal to the Court of Directors; dated 3 August 1830 - - - - - - - - 43

13.—LETTER from the Governor General in Council in Bengal to the Honourable the Court of Directors, &c.; dated 21 September 1830 - - - - - - - - - 53

LIST—*continued.*

OPIUM—*continued.*

No. Page.

14.—EXTRACT LETTER, in the Separate Department, from the Governor General in Council in Bengal to the Court of Directors; dated 27 July 1830 - - - - - 60

15.—EXTRACT LETTER, in the Separate Department, from the Governor General in Council in Bengal to the Court of Directors; dated 31 August 1830 - - - - - 60

COPIES or EXTRACTS of all DESPATCHES sent to INDIA by the COURT of DIRECTORS, since the passing of the Act 53 Geo. III. c. 155, relative to the continuance and administration of the SALT MONOPOLY; and of the Proceedings had thereupon.

SALT:

16.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to th Governor General in Council in Bengal; dated 9 November 1814 - - - - 60

17.—EXTRACT LETTER, in the Separate Department, from the Secret Committee of the Court of Directors to the Governor General in Council at Fort William in Bengal; dated 10 May 1816 - - - - - - - - - - - - - 63

18.—EXTRACT LETTER, in the Separate Department, from the Governor General and Council in Bengal to the Secret Committee of the Court of Directors; dated 11 October 1816 - - - - - - - - - - - - - 63

19.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 24 October 1817 - - - - 64

20.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 8 August 1821 - - - - - 65

21.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 17 November 1826 - - - - 71

22.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 11 July 1827 - - - - - 72

23.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 10 June 1829 - - - - - 73

24.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 4 November 1829 - - - - 74

25.—EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in Bengal; dated 23 February 1831 - - - - 76

(continued.)

LIST—*continued.*

SALT—*continued.*

No. Page.

26.—LETTER, in the Separate Department, from the Governor General in Council in Bengal to the Court of Directors; dated 8 December 1829 - - - - - - - - 79

27.—EXTRACT LETTER, in the Separate Department, from the Governor General in Council in Bengal to the Court of Directors; dated 1 October 1830 - - - - - 93

LETTER from the Board of Customs, Salt and Opium, to the Governor General in Council; dated 21 January 1830 - - - - - - - - - - - - 93

STATEMENT, exhibiting the Clearance, &c. of Salt from the Golahs of the several Agencies, for the Month of December 1829, compared with the Clearances for the Month of December 1828 - - - - - - - - - - - - - 96

STATEMENT of the Quantity of Salt cleared from the Agency and Sulhea Golahs, from 1 January to 31 December 1828, and from 1 January to 31 December 1829; with a MEMORANDUM of the Total Quantity of SALT Sold, but remaining Uncleared, up to 31 December 1828 and 1829 - - - - - - - - - - - 97

LETTER from H. M. Parker, Esq. Acting Secretary to the Government, to the Board of Customs, Salt and Opium; dated 16 February 1830 - - - - - - - 97

APPENDIX

TO

Report on the Affairs of The East India Company.

IV.

ADMINISTRATION OF MONOPOLIES.

Opium and Salt.

(Secret.—Salt, Opium, &c.)

— No. 1 —

DESPATCH from the Secret Committee of the Directors of the East India Company to the Right Honourable the Governor General in Council.

Fort William, Bengal, 10th May 1816.

Para. 1. OUR last Despatch from this Department was dated the 30th April 1816.

2. We are now about to reply to the Letter addressed by Mr. Secretary Trotter to our late Secretary, dated the 26th July 1814, transmitting copy of your correspondence with the Acting Resident at Fort Marlborough and the Company's Advocate-General, on the subject of Opium.

3. The revenue derived from Opium and Salt which, at different times, has been realized by different means, has always been of so great importance that we entirely approve of the attention which you have paid to this subject. It certainly never was the intention of the Legislature, in opening the trade with India to the public at large, to endanger a revenue of about £.2,000.000. sterling per annum.

4. The interpretation given by Mr. Strettel to the 6th section of the 53d Geo. III. c. 155, in his letter of the 19th July 1814, is confirmed by the opinion of the highest legal authorities in this country, we are advised by the above mentioned authorities, that we cannot, consistently with the provisions of the Act above referred to, *prohibit* the importation of Turkey Opium into our territories; but that it is competent for us to impose such a duty on the importation of Opium, as shall protect the revenue derivable from that article against the injury which it would sustain from the supply of the same article of foreign growth, at the present rate of duty.

5. Under the provision contained in the 53d George III. c. 155, s. 25, all regulations for imposing any new or additional duties upon the export, import or transit of goods in the Company's territories framed in India, must be transmitted for the approbation and sanction of the authorities at home, previously to their promulgation. We accordingly direct you forthwith to prepare and transmit to us a regulation, imposing such a duty on the importation of foreign Opium into any of the Ports and Settlements under your Presidency, as shall operate as a protection to our Opium Revenue, by which regulation it should be provided that the Merchants shall be at liberty to deposit such Opium in the warehouses of the Government, previously to the payment of the duty; but that no such Opium shall be removed from thence until the duty be paid.

6. The price of the best Turkey Opium in the London market is at present 13*s.* per lb., free of duty; and under the Bonding Act, it may be imported here, and afterwards exported without paying any duty.

IV. Administration of Monopolies. — Opium.

7. It being quite clear that the China Trade is reserved exclusively to the Company by virtue of the 53d George III. c. 155, s. 2, no British subject can trade thither without the license of the Company in its commercial capacity. The Company have therefore an indubitable right to withhold a license to carry Turkey Opium, or any other article to China.

8. The 54th George III. c. 34, s. 2, has reserved to the Government in India, the power to frame such regulations, provisions and restrictions for the conduct of the trade from port to port in India, as may from time to time be deemed expedient; so that the importation and exportation of Opium in the country trade, may be legally interdicted.

9. It is not in our power to prevent, nor can the British Legislature prevent Turkey Opium from being carried to the Eastern Isles and to China, because though the trade in that article were altogether prohibited to British subjects, it would still be open to foreign nations to engage in it. We desire, however, that you will watch the progress and course of this trade, and report to us from time to time your information and sentiments respecting it.

10. Under the 53d George III. c. 155, s. 6, *Salt* may be legally exported from this country to India; and as any of His Majesty's subjects proceeding in ships navigated according to law upon a voyage to the East Indies, are permitted by the 54th George III. c. 34, to touch and trade at the Cape de Verd Islands, where Salt may be procured at a very low price, we think it necessary to instruct you to take immediate measures for the protection of our Salt Revenue. With this view, we direct that you will lose no time in preparing and transmitting home for our sanction, a regulation imposing such a rate of duty on the *importation of all foreign Salt*, as shall have the effect of securing the revenue derived from that article. By which regulation it should be provided, that the merchants shall be at liberty to deposit such Salt in the warehouses of the Government, previously to the payment of the Duty, but that no such Salt shall be removed from thence, until the Duty be paid.

11. We desire that in framing both the Opium and Salt Regulations, you will consult with your law-officers, with the view of preventing any legal difficulties in the way of their obtaining the sanction of the authorities in this country.

12. We fully rely on your active and zealous co-operation, on an occasion where the public interests are so deeply concerned, and trust that you will lose no time in carrying our directions into effect.

We are,
Your affectionate friends,
(signed) *Thomas Reid.*
John Bebb.

East India House, London, 10th May 1816.

P.S. Copy of a Circular Letter to the Government of Fort St. George, Bombay and Prince of Wales Island, on the subject of the foregoing Despatch, is sent a number in the packet.

(signed) *T. R.* *J. B.*

— No. 2. —

To the Honourable the Secret Committee of the Honourable the Court of Directors, for affairs of the Honourable the United Company of Merchants of England trading to the *East Indies*.

Territorial Department, 11 October 1816.

HONOURABLE SIRS,

WE have the honour to acknowledge the receipt of your Despatch, under date the 10th May last, communicating your sentiments on the means possessed by the Honourable Company and their several Indian Governments of guarding the revenue derived from the exclusive manufacture and sale of Salt and Opium, and conveying your directions that we should prepare and transmit to you Regulations imposing such duty on the importation of Foreign Salt and Opium, as shall have the effect of securing the revenue derived from those articles.

2. On

2. On the receipt of your Honourable Committee's Despatch, we lost no time in communicating with our Advocate General on the subject, and we have now the honour to transmit, for the sanction of the Honourable Court, and the approbation of the Board of Control, Drafts of regulations prepared for the above purpose, in conformity with your directions.

3. Your Honourable Committee will observe, that the rate of duty imposed on the importation of these articles, is higher than what might appear requisite with reference merely to the prices at which merchants trading direct from England could afford to import them respectively.

4. We deem it therefore proper to explain that our Advocate General, Mr. Strettell, entertains great doubts of the authority of your Indian Governments, or of the Honourable Court, to interdict the importation and exportation of Opium in the country trade, an authority which, in the 8th paragraph of your Despatch, you state to be possessed by them.

5. Mr. Strettell's sentiments on this subject will hereafter be more fully communicated to you when the Report which we expect from that officer shall have been received. In the mean time, it has appeared to us advisable that such a duty be imposed on the importation of Salt and Opium as shall secure the exclusive trade in those articles from all interference whatsoever.

6. We had anticipated the suggestion contained in the 7th paragraph of your Despatch, having already, on occasion of the importation at this Presidency of a quantity of Turkey Opium, (to which we alluded in the 16th paragraph of our Financial Despatch of the 28th June last,) given directions for inserting in the licenses to trade in China, a condition that such license shall be void, in case any foreign or other Opium than Opium sold by the Company at their public sale in Bengal, be laden on board the ship in any part of the voyage, or be imported into China on board of it.

7. In that Despatch we intimated our intention not to renounce, without a decision of the Supreme Court, the right of this Government to bring the Opium imported here to confiscation.

8. Under the communication, however, conveyed to us in your Honourable Committee's Despatch, we have judged it proper to forbear from the legal proceedings which we had determined to institute.

9. We entirely coincide in the opinion expressed by your Honourable Committee, that it never could have been the intention of the Legislature, in opening the trade with India to the public at large, to endanger so important a branch of our finances as that which is derived from the exclusive trade in Salt and Opium.

10. We feel scarcely less confident that the Legislature would not have hesitated to give its express sanction to those rules which have been enacted by the local Indian Governments for the regulation and security of those branches of our resources. The prosperity of the Revenue of India can hardly be considered as of less importance in a national point of view, than that of the more immediate resources of the Mother Country, and the jealousy under which the former system of Indian Government might have operated to prevent any legislative sanction being given to the exclusive trade in Opium and Salt can hardly be anticipated, when that trade is expressly separated from the commercial concerns of the Company, and its profits exclusively appropriated as a territorial branch of Revenue.

11. We, at the same time, deem it right to state to your Honourable Committee, that under the present system of the Indian Government, the revenue in question cannot be considered to be fully secured without some legislative sanction of the British Parliament, to the rules enacted in regard to it by the local Governments.

12. Your Honourable Committee will best be able to judge of the expediency of making application to Parliament for that purpose.

13. We shall transmit copies of the drafts of the Regulations which accompany this Despatch, to the Governments of Fort St. George, Bombay and Prince of Wales Island, who will of course frame, with reference to these drafts, their

IV. Administration of Monopolies. — Opium.

respective Regulations, introducing at the same time into the Rules enacted by them, such modifications as local circumstances may call for.

14. It will then, we think, be expedient that they should at once transmit the drafts of the Regulations prepared by them, for the sanction of the Honourable Court, and the approbation of the Board of Commissioners, without further reference to this Government.

15. By these means, the delay which must have resulted from a literal adherence to the course prescribed by your Honourable Committee, will be avoided; and at the same time any inconsistency in the measures of our respective Governments sufficiently guarded against.

16. At none of these Presidencies indeed does any exclusive manufacture or trade in Opium exist, so that the rules passed by these several Governments, as far as respects the importation of this article, will have for their object solely to secure from competition the Opium purchased at the Calcutta sales; but we are not aware that any material deviation from the course which we have pursued, will on that account be requisite.

17. On this principle we have prepared the accompanying Regulation, imposing such a duty on the importation of Opium, not being Bengal Opium, into any of the ports or places dependent on Fort Marlborough, as shall secure the Opium sold at the public sales in Calcutta from all competition at that place.

18. Your Honourable Committee are aware, that Regulations for Bencoolen have from time to time been enacted by this Government.

19. We think it proper, however, to notice, that having occasion to enquire into the circumstances in which that settlement stands in respect to the Supreme Government, some doubts have arisen in regard to its being in a strict legal sense, a factory subordinate to Bengal.

20. No trace can be found on our records, of any order, making the settlement of Fort Marlborough a factory subordinate to this Presidency, having been issued by the Honourable the Court of Directors, subsequent to the passing of chap. 29, of the 42d of the King, by which Act they were authorized to do so.

21. The Court having in fact carried the measure into effect before the passing of the Act above-mentioned, may have naturally omitted to issue any further directions on the subject subsequent to that date.

22. This defect in form might, however, throw some doubt over the validity of the Regulations passed by this Government, particularly one of the nature of that now transmitted.

23. But as it may, if necessary, be rectified by the Honourable Court, previously to their transmitting this Regulation again to Bengal, and as practically the question is but little likely to arise, we have not considered it as a sufficient reason for delaying the preparation and transmission of the Regulation.

24. With respect to *Salt* no Regulation, we believe, will be required either at Prince of Wales Island or Fort Marlbrough.

25. How far the different circumstances under which a revenue is drawn from Salt at Madras and Bombay, may render necessary, in the Rules framed in those Presidencies respectively, some deviation from the draft now framed by us, the Governments of those Presidencies will, of course, best be able to judge; and we do not conceive that any material advantage would result from a reference to this Government, on account of variations arising from such a cause.

We have the honour to be,
Honourable Sirs,
Your most faithful humble servants,

(signed) *Moira.*
N. B. Edmonstone.
Arch^d Seton.
G. Dowdeswell.

Fort William,
11th October 1816.

— No. 3 —

To the Honourable the Court of Directors for Affairs of the Honourable the United Company of Merchants of *England* trading to the *East Indies*.

IV. Administration of Monopolies. Opium.

Separate Department, 20th February 1816.

HONOURABLE SIRS,

THE last Letter to your Honourable Court in this Department was addressed to you by the Honourable the Vice-President in Council, under date the 7th October last.

2. With reference to the communication contained in paragraph 144 of the above-mentioned Despatch, we have now the honour to convey our sentiments on the question regarding the means best calculated for the improvement of the Department of Opium, as respecting the provision of the drug, the prevention of the illicit manufacture and sale of it, and the attainment of a revenue from the internal sale and consumption of the article.

3. Your Honourable Court will find inclosed a number in the packet, copies of a Letter received from the Board of Trade, dated the 28th July last, and of the Minute referred to in it, in reply to the reference made to them on the subject; also copies of the Minutes recorded on the occasion by Mr. Dowdeswell, the Honourable the Vice-President, and Mr. Seton.

4. Your Honourable Court will perceive, on perusal of the Minute of the Board above-mentioned, that the more prominent features of the plan suggested by them in answer to our reference, are reducible to the three following propositions, viz^{t};

1st. That the agency of Behar be formed into two separate divisions, to be denominated respectively the Agency of North and South Behar, the river Ganges forming the boundary between the two agencies: Consultation, 31st Oct. 1815.

2d. That the Southern Division, as much the larger of the two, be held by the present agent, and that the Northern Division be placed under the management of another covenanted servant; and,

3dly. That the present assistant to the agent in Behar should remain attached to, and reside at the larger agency of Southern Behar, but that he should at the same time be subjected to the performance of occasional duties in North Behar, upon the requisition of the agent of that division.

5. After mature deliberation we observed to the Board, in answer to their Letter, that the plan submitted by them with a view to meet the important objects above noticed, merely provided that there should be two separate and independent agencies instead of one, and without further augmentation of the number of European Officers, that a single assistant might be subject to the call of both agents. But after weighing this plan with all the attention due to the judgment and experience of the Board, we could not anticipate any substantial advantage from the adoption of it.

6. Without entering into any discussion of the merits of the plan proposed by the Honourable the Vice-President in Council, under date the 7th of March, the Board appeared to have only suggested another, which seemed to resolve itself into little more than a mere division of labour and responsibility.

7. We remarked to the Board, that of the essential benefits arising from an authoritative superintendency over subordinate agents in other departments, Government had the most abundant proofs. In fact it is a practical principle which pervades the whole economy of human affairs, and that is the principle which it was proposed to introduce into the very important Department of the provision of Opium.

8. In the plan recommended by the Board, however, that principle appeared to be lost sight of. It has never been urged that the business of the Sudder or principal Station was too heavy on the footing on which it was conducted; and even supposing that the division of the agency into two parts might afford the agents greater leisure to superintend the conduct of the business in the Mofussil,

IV. Administration of Monopolies.

Opium.

the relief thus afforded would, it is conceived, be quite insufficient for the exercise of that active, vigilant and unremitted control which should pervade this branch of the business.

9. The object in view might, perhaps, to a certain extent have been attained, had the agency been divided into two equal, or nearly equal parts, but this was by no means the case; one division standing nearly in the proportion of two-thirds to the other. But, however the agency might be divided, it must be supposed that the time and attention of the agents would necessarily be in a great degree occupied at the Sudder Station, a scheme of things utterly at variance with that improved system of management contemplated in the Minute of the Vice-President in Council, dated the 7th March last, a copy of which accompanied our separate general Letter of the 7th October following. On that part of the Board's plan which suggests that a single assistant should be rendered subject to the authority of both agents, we observed that the objections to it were too obvious to require much illustration. If the illicit practices which heretofore existed could not be restrained by the exertions of a single assistant, acting under the guidance of the Opium Agent, we could not possibly anticipate any such effects from them, when his attention should be distracted by the jarring and irreconcileable instructions of two distinct and independent authorities.

10. The heavy expense to which the Government would be exposed by the adoption of the plan proposed by the Board on account of Public Buildings, formed another subject of consideration. It was admitted by the Board, that the buildings attached to the Opium Department at Patna, are the largest in the country; but though capacious, they are scarcely adequate to the purposes for which they are required. Hence a judgment may be in some degree formed of the expense to which Government would be subject, were a separate and independent agency established in North Behar.

11. Another objection arose likewise to the plan proposed by the Board, according to the data assumed, the allowances of the agent in the Northern Division of Behar, would amount to R' 28,661 per annum. This, or even less than this, might be sufficient for a person acting under the immediate directions and control of a local superior, but it was conceived to be insufficient for the head of an office entrusted with the discharge of functions of great pecuniary responsibility in a distant part of the country, and acting under no other control than what can be exercised by the Board of Trade at the Presidency; although the Governor-General in Council fully concurred in the sentiments expressed in the Resolution of the Honourable the Vice-President in Council, regarding the scale of the agent's allowances, it is perfectly consistent with that opinion to observe, that the principal executive officers of this department should be paid with more than ordinary liberality.

12. On these and other grounds which might be urged, we were induced, after an attentive review of the whole of the proceedings recorded on the subject of the future management of the business of the Opium Department, to concur in the opinion expressed in the resolution of the 7th March, that the objects in view would be best promoted by the appointment of deputies or subordinate agents in North and South Behar respectively, whose primary duty should be to restrain illicit practices in the growth and vend of Opium in the different villages and factories. This duty demands, in addition to strict integrity, great mental and bodily activity. Any plan which does not provide for the discharge of it on a regular and permanent footing will, in our judgment, prove delusive; at the same time we conceived it to be highly desirable that the officers employed in the Opium Department should be paid in the shape of commission, and of rewards on seizures, in order that, by combining the prospect of immediate advantage with the hopes of promotion, and the establishment of a high official character, Government might derive every possible benefit from the zeal, the skill and activity of the new functionaries.

13. In communicating the foregoing observations to the Board of Trade, they were informed that in pursuance of the principles above explained, the following resolutions, founded on the Minute of the Honourable the Vice-President in Council, under date the 7th of March, had been adopted by us; and we requested them

them to prepare the necessary legislative provisions, and to submit the draft of the Regulation for the consideration of Government as early as possible.

That the department of Opium be continued as heretofore, under the general authority of the Board of Trade.

That the superintendence of the provision of Opium in the province of Behar, be vested in an agent, aided by a deputy, in North and South Behar respectively, and by an assistant to be employed in the performance of such duty as the agent may judge necessary, either at the principal station, or at any of the subordinate factories.

That it shall be the duty of the deputies within the local limits established for the exercise of their official duties, to make advances to the Ryots for the manufacture of Opium, to superintend the receipt of the drug, to control the native establishments maintained within such limits, and especially to prevent the illicit culture of the Poppy, and the unauthorized manufacture and vend of Opium.

That it shall be the duty of the agent to furnish the Board of Trade with an an Annual Report upon the state of the agency, founded on the information obtained from the deputy agents, and such local inquiries as he may deem it necessary to make in person.

That the commission of the superintendent shall be adjusted to such rate as may yield to him, including rewards on seizures, from 50,000 to 60,000 rupees per annum, and that the salary at present received by him shall be discontinued.

That the allowances of the two deputies shall be also paid in the manner above-mentioned, and be so fixed that they may receive as follows:

The first deputy from 18,000 to 24,000 rupees per annum; and
The second ditto from 12,000 to 18,000 ditto ditto.

That the agent and deputies be authorized to receive such portion of the commission in advance, as they may respectively require for their current expenses, not exceeding, however, a moiety of the computed amount of such commission.

That the assistant shall be allowed 500 rupees per mensem, with the usual deputation allowances on his employment in the Mofussil.

That the Board enter, as soon as circumstances will permit, on a consideration of the large establishments at present maintained in the Opium Department, and that they report what retrenchments or modifications those establishments may appear to require for the conduct of the manufacture on account of Government, and for the prevention of illicit growth, manufacture and vend. That the Board shall, in like manner, report what part of those establishments should be placed under the orders of the agent and of his deputies respectively.

That an agency be established (as already directed) for the provision of Opium exclusively on account of Government, in the district of Rungpore, that such agency be united with the Office of Commercial Resident at that Station, and that the Board report the rate of commission, which they may deem an adequate remuneration for his responsibility and trouble. That the produce of the Rungpore Agency be reserved exclusively for internal sale and consumption.

That the superintendence of the internal sale of Opium be vested in the Board of Revenue, under rules similar to those established for the sale of spirituous liquors, intoxicating drugs, &c.; and that the Board of Revenue be accordingly instructed to co-operate with the Board of Trade, in framing the general regulation now required regarding this important branch of the public resources.

14. The Board has also been informed, that the rules for the conduct of the officers employed in managing the retail sale of the Opium, should clearly define that the object of Government, in interfering in the traffic, was more with a view to control the use of an article which is so prejudicial to the morals of the people, and to the interests of society in general, than with a desire of increasing the revenue by an extensive sale of it; and that the superior means which Govern-

IV. Administration of Monopolies. Opium.

ment will in future possess of regulating and restricting the retail sale of Opium, when conducted under the immediate superintendence of its own officers will, it is hoped, not only prevent illicit traffic in the article, which notoriously exists, but gradually reduce the excessive use of the drug, which is now known to prevail, the object of course being to confine the consumption of it to medicinal purposes.

That with a view to prevent the illicit manufacture and vend of Opium, those persons who may be detected in these practices shall be fined, and be imprisoned for a period of twelve months.

That in addition to the agent and his deputies, and the commercial residents at Ghazupore and Rungpore, it shall be the duty of all the collectors and deputy collectors of Customs, as well as of the superintendents of salt chokies, to assist in suppressing illicit traffic in Opium; and that all contraband Opium which may be seized, shall be valued at ten rupees per seer of eighty sicca weight, one-half of the amount of which shall be paid to the officers of Government, and the other half to the officers employed in the seizure.

15. It was at the same time intimated to the Board, that from the foregoing outline, they would observe that it was not at present intended to make any alteration with regard to the Opium agency established in the province of Benares, but that it would be a subject for future consideration, whether arrangements, analogous to those ordered to be established in Behar, should not be likewise extended to Ghazupore. In the mean time we remarked that the communications received from Mr. Sweedland, were not calculated to impress Government with the belief that he possessed that minute and local knowledge of the state of the agency intrusted to his care, which was essential to the prevention of illicit culture, manufacture and sale; and that had he possessed such information, he would have experienced no difficulty in furnishing the sketch of the situation of his subordinate factories as required by the Board, in their Letter to him referred to in the fourth paragraph of their Minute; the Board were accordingly desired to repeat their application to the agent for a map of the description of that above noticed, and for such other local information as might appear to be best calculated to enable them to judge whether the business generally, in the Mofussil, was superintended with that active personal vigilance, by which alone the illicit growth, manufacture and vend of the article, could be prevented.

16. It was further stated to the Board, that under the arrangements proposed to be established, we did not deem the extension of the Behar agency to Mougher, as recommended by them in the nineteenth paragraph of their Minute, to be advisable; that the establishment of the Rungpore agency was founded, in a great measure, on the experienced difficulty, not to say impossibility, of preventing the growth of the poppy in that district; that its produce would probably be sufficient for the internal consumption of the country in general; and the produce of the provinces of Behar and Benares prove on the other hand, in all likelihood, fully sufficient for foreign sale under the present arrangements, and such as might be eventually established in the Ghazupore agency. At all events, we remarked that the utmost circumspection should be observed in augmenting the supply, and that of course the revenue could only be improved, or even maintained at its present standard, by adapting the annual stock to the demand for it in the home and foreign markets respectively.

We have the honour to be,
Honourable Sirs,
Your most faithful humble Servants,

(signed) *Moira.* *N. B. Edmonstone.*
Arch. Seton. *G. Dowdeswell.*

Fort William,
20 February 1816.

—No. 4.—

EXTRACT LETTER in the Separate Department, from the Court of Directors, to the Governor in Council in *Bengal*, dated 24th October 1817.

LETTER from the Governor General in Council, to the Court of Directors, dated 7th October 1815.
(135 to 144) State the measures which have been adopted for supplying a quantity of Opium for the internal consumption of the country, and refer to the more comprehensive arrangements which are under consideration, with the view of augmenting the provision of Opium for foreign commerce, of preventing illicit manufacture and sale, and of deriving a revenue from the internal sale and consumption of the article. Paras. 1 to 16, of Letter, dated 20th February 1816, where the same subject is continued.

Para. 75. The sentiments expressed in Paragraphs 21 to 27 of our Despatch from this Department, dated the 18th September 1816, will have prepared you to expect our approbation of the measures adopted by you for the purpose of supplying, from the Goverment Stores, a quantity of Opium for the internal consumption of the country. We wish it, at the same time, to be clearly understood, that our sanction is given to those measures, not with a view to the revenue which they may yield, but in the hope that they will tend to restrain the use of this pernicious drug; and that the Regulations for the internal sale of it will be so framed, as to prevent its introduction into districts where it is not used, and to limit its consumption in other places, as nearly as possible, to what may be absolutely necessary.

76. The provision of Opium in Behar, having fallen short in 1813 and 1814, of the supply required for exportation, we concur in the expediency of your having, in the first instance, appropriated to internal consumption the confiscated Opium at your disposal, and the twenty-six muster chests which had been allowed to accumulate since 1797-8, in the Godowns at the Presidency.

77. With respect to the means of providing a future and permanent supply for internal consumption, we are of opinion that the principle ought to be invariably adhered to, not to introduce the culture of the poppy into any district where it has not hitherto obtained, but that the provision should be increased, either by improved management in those parts of the country where agencies are already established, or by the introduction of Government agency into districts where the plant is known to be cultivated for the purposes of clandestine trade. In conformity with this principle, we entirely approve of your having rejected the proposition of the agent in Behar, to establish a factory at Monghyr, a district in which it does not appear that the poppy is cultivated. On the other hand, in authorizing the provision of Opium to be revived in Rungpore, where every endeavour to prevent the illicit cultivation of the poppy is stated to have proved ineffectual, the only object is (and it is surely a fair one) to substitute an allowed, instead of an illegal proceeding, to restrain an evil which cannot be repressed; to place under regulation a habit of indulgence from which the people cannot be wholly weaned and to employ taxation less as an instrument of raising a revenue, than as a preservative of the health and morals of the community.

78. We regret the failure of the steps taken in 1815, by the Commercial Resident at Rungpore, for collecting the Opium illicitly cultivated in that district, and in Dinagepore. Although the cultivation of the poppy in those districts was estimated (probably much too highly) to have been carried to the extent of 10,000 begahs of land in that season, which ought to have yielded about 900 chests, or 1,800 maunds of Opium, the whole quantity expected to be collected by Mr. G. Monckton, did not exceed thirty maunds, and this was procured at the heavy expense of Rupees 80 per maund.

79. We are satisfied, from a perusal of the Papers now before us, as well as of those which accompanied your Letters of the 23d June and 29th November 1814, that there is no occasion whatever to extend the poppy cultivation in the territories under your government, in order to procure a supply of Opium completely adequate to purposes both of exportation and of internal consumption; but that your endeavours should be confined to the collection, on account of Government, of the Opium now manufactured, and which in part finds its way into consumption through illicit channels. Besides the large quantity of land which, as already noticed, is appropriated to the illicit cultivation of the Poppy in Rungpore and Dinagepore, the agent in Behar estimates* that there may be from 600 to 800 maunds annually smuggled from that province. In another Letter,† the agent reports that the illicit cultivation of the poppy is carried on in the district of Purneah, to the extent of 700 or 800 beegahs in the course of the year. The agent at Benares, also states,‡ that though smuggling is not carried on to any

* Letter, dated 21st Nov. 1814.

† Letter, dated 26th April 1815.

‡ Letters, dated 11th May and 27th Dec. 1815.

IV. Administration of Monopolies. Opium.

any considerable extent from that agency, yet that it is clandestinely conveyed in certain quantities down the Ganges to Dacca and Chittagorg, and he describes it as *a growing mischief*. It was suggested, both by the Agent in Behar,* and the Commercial Resident in Rungpore,† to increase the fine, in cases where Opium is seized, from four to eight rupees per seer. We see no objection to this increase, and to extending the period of imprisonment from six months to a year, in cases of failure on the part of the offenders to pay the fine; but in regard to another proposition of the Agent in Behar, that the smugglers of Opium should be confined in the Fouzdarry instead of the Dewanny jail, we entirely agree in opinion with your Board of Trade, that no financial advantage derivable from such a measure could compensate for the evil of associating persons of this description, with culprits imprisoned for heinous offences.

* Letter, dated 21st Nov. 1814.

† Letter, dated 23d August 1815.

80. As connected with this branch of the subject, we cannot suffer to pass without notice the censurable proceeding of Mr. Philip Monckton, on the 23d December 1813, upon an application made to him by the Agent in Behar, to dispose of complaints which had been for some time pending in the Zillah Court of Purneah, on account of the illicit cultivation of Opium; and we desire that you will signify to Mr. Monckton our displeasure with his conduct on that occasion.

81. We have considered, with attention, the general arrangements reported in your Letter of the 20th February 1816, to have been resolved on, after a good deal of discussion, for the purpose of improving the Opium revenue. The Opium provision in Behar has hitherto been conducted by an agent and assistant; the former of whom has received allowances averaging per annum, R'80,112
and the latter - - - - - - 9,600

Making a total of - - R' 89,712

82. The following are the most prominent features in the new arrangement, which was sketched in a Minute of the Vice-President in Council, recorded on your consultations of the 28th March 1815, and finally agreed upon in September of that year: That the superintendence of the provision of Opium in Behar, shall be vested in an agent, aided by a deputy in North and South Behar respectively, and by an assistant, to be employed in the performance of such duty as the agent may judge necessary, either at the principal station or at any of the subordinate factories. It is proposed to reduce the agent's allowance from 50,000 to 60,000 rupees per annum; to fix the first deputy's allowances at from 18,000 to 24,000 rupees, those of the second deputy at from 12,000 to 18,000 rupees per annum, and to grant the assistant a salary of 500 rupees per mensem, with the usual deputation allowance when employed in the Mofussil; the superintendent and two deputies to be paid by a regulated commission: the Opium provided in the Behar and Benares Agencies, to be reserved exclusively for exportation, and that provided in Rungpore by the Commercial Resident, to be appropriated to internal sale and consumption, under regulations to be framed by the Board of Revenue, and executed under their superintendence. The Commercial Residents at Ghazeepore and Rungpore, the Collectors and Deputy-Collectors of the Customs, and the Superintendents of Salt Chokies, as well as the Opium Agents and their Deputies, to be required to assist in suppressing illicit traffic; and all contraband Opium which may be seized, to be valued at 10 rupees per seer, and one-half the amount to be paid to the officers of Government, and the other half to the officers employed in the seizure.

83. We are disposed, upon the whole, to approve of the general outline of the foregoing arrangement, which we think preferable to the plan suggested by the Board of Trade, of dividing Behar into two separate agencies, the adoption of which would have entailed a heavy expenditure in the erection of new buildings for the use of the Opium Department in North Behar.

84. As the high estimation in which the Opium sold at our sales is now held, arises from its purity and the excellence of its quality, and as Opium produced in Rungpore and other parts of Bengal is deemed of a quality inferior to that of Behar and Benares, great care must be taken that Bengal Opium be *not put into such a state* that it may, in our own or foreign countries, be passed off as Behar or Benares Opium. We therefore positively direct that the Bengal Opium be

be not made into cakes, but that instead thereof, it be put into pots or jars, and sold in that state, at a season of the year when poppy-leaves are not procurable; and you must make a regulation, declaring that if any person shall be detected making Bengal Opium into cakes, either with poppy-leaves or tobacco-leaves, or any other substance, the Opium found in such a state of preparation shall be seized and confiscated, and the offender be liable to adequate penalties.

85. After all, we must observe that it is our wish not to encourage the consumption of Opium, but rather to lessen the use, or, more properly speaking, the abuse of the drug; and for this end, as well as for the purpose of revenue, to make the price to the public, both in our own and in foreign dominions, as high as possible, having due regard to the effects of illicit trade in our own dominions, and of competition in foreign places from Opium produced in other countries. Were it possible to prevent the use of the drug altogether, except strictly for the purpose of medicine, we would gladly do it in compassion to mankind; but this being absolutely impracticable, we can only endeavour to regulate and palliate an evil which cannot be eradicated.

— No. 5. —

(Bengal Separate Department of Opium.)

Our Governor General in Council at Fort William in Bengal.

27 January 1819.

Para. 1. We have received your Political Letter, dated the 4th January 1817, representing the injury which the Opium branch of the Company's Revenue is likely to sustain from the traffic in that article, which is stated to be carried on between the Port of Goa and other ports in India not subject to British jurisdiction, and the Portuguese settlement of Macao, and suggesting an arrangement between the Governments of Great Britain and Portugal, under which the latter Government may consent to prohibit the importation, by its own subjects, into Macao, of all Opium not purchased at the Company's sales in Bengal, and to impose such duties on that drug, whether the produce of Turkey or of any place in India not subject to the British Government, when imported into that settlement by foreigners, as may be tantamount to a prohibition.

2. We are by no means insensible to the injury to which the Company's interests connected with the Opium monopoly are exposed from the competition of Malwah and Turkey Opium in the Chinese and other Eastern markets; and we approve of the solicitude which you have evinced to provide for the security of this valuable branch of the Indian Revenue. It has, however, appeared to us so improbable, that the Government of Portugal would accede to an arrangement such as you have suggested, that we deem it quite unnecessary to submit the proposition to His Majesty's Government.

3. The superiority of the Bengal Opium in point of quality over that manufactured in other parts of India, will, we trust, insure to it a preference in the foreign market so long as the superiority is not much more than counterbalanced by the difference in price; and should a reduction in the price of Bengal Opium become necessary, the expediency of proportionately increasing the annual provision will naturally engage your attention. We know of no practicable mode of guarding against the evil which you apprehend, except by supplying the markets at a moderate price with a better article than can be procured from different quarters and through other channels.

We are,
Your affectionate Friends,

(signed) *James Patterson.* *W. S. Clarke.*
C. Marjoribanks. *J. Bebb.*
S. Toone. *Geo. Smith.*
T. Reid. *W. Wigram.*
G. Raikes. *W. Astell.*
J. Thornhill. *Edwd Parry.*
London, 27 January 1819. *J. Jackson.* *G. A. Robinson.*
Jnº Inglish.

IV.
Administration of Monopolies.

Opium.

—No. 6.—

EXTRACT LETTER in the Separate Department from the Court of Directors, to the Governor General in Council in *Bengal*, dated 8th August 1821.

LETTER from the Governor General in Council to the Court of Directors, dated 28th February 1817.
Letter, 28th February 1817, paras. 104 to 138, 150 to 152.
Letter, 4th July 1817, para: 7.
Letter, 24th October 1817, paras. 66 to 69.
Letter, 17th July 1818, paras. 34 to 36, 120 to 128, and 137 to 140.
Letter, 30th July 1819, paras. 111 to 141.
Proceedings connected with the provision of Opinion; the prevention of the illicit manufacture and sale of Opium; arrangements for internal sale, and the management of the Behar Agency.

Para. 110. The subject of the provision of Opium, which has become connected with many new and important considerations, we shall fully notice in replying to Paras. 120 to 136 of your Letter of 17th July 1818.

111. With respect to the prevention of the illicit manufacture and sale of Opium, the principal points here brought to our notice are:

112. The delegation of judicial powers to the Revenue Authorities of this Department.

113. The modification of the scale and distribution of rewards on confiscated Opium.

114. The increase of price to the cultivators of the poppy; and,

115. The relaxation, in favour of travellers and visitants from foreign States, of certain provisions of Regulation 13, of 1816.

116. The degree of judicial authority delegated by Regulation 13, of 1816, to the Revenue Authorities of this Department, meets our entire approbation. We refer you to our remarks in a preceding para. on the same subject, in relation to the Salt Department.

—No. 7.—

EXTRACT LETTER in the Separate Department, from the Court of Directors, to the Governor General in Council in *Bengal*, dated 30th January 1822.

LETTER from the Governor General in Council to the Court of Directors, dated 17th July 1818.
(129 to 136, and paras. 142 to 156, of Letter 30th July 1819.) Proceedings connected generally with the provision of Opium for the Government Sales; the extension of the Opium manufacture, and the measures adopted for modifying Regulation I. of 1818, of the Bombay Code.

Para. 40. We have already noticed the progressive decline of the Opium Revenue from 1814–15 to 1817–18 inclusive. This decline was ascribed to the competition of foreign Opium in the Eastern market. The proceedings now before us relate to the measures which you have pursued for the purpose of overcoming this competition, and restoring the prosperity of this branch of our resources.

41. The effects of this competition have been felt, not simply in the depression of the general price of the drug, it has entirely destroyed the advantage resulting from a strict monopoly, which counterbalances the deficiency of unfavourable seasons by a proportionate enhancement of price.

42. We regret to observe that this competition has been greatly strengthened by a deterioration, beyond the example of many years, in the quality of the Opium provided in 1817 and 1818, while the Malwa manufacture of that year was so much improved in quality, as to approximate very closely to the properties of the Company's standard Opium.

43. The rivals of the Company in the China Opium market are of three classes; namely, the traders in Malwa Opium, the traders in Turkey Opium, and the traders in illicit Bengal Opium.

44. Of these three sources of rival supply, the Malva Opium appears, from the excellence of its quality, to have afforded the most powerful instrument of competition; so much so, that in the opinion of the Select Committee of Supracargoes at Canton, if the quality of the Company's Opium should not be kept up to the standard established in 1798, and if the quality of the Malwa Drug should continue to rise in proportion to its recent improvement, and the traffic continue equally free from restrictions, there was reason to conclude that the competition would extend to the limits at which the proceeds of Opium in general would merely repay the expense of production and transport.

45. The

45. The principal channels by which the Malwa Opium found its way to the Eastern markets, were the Portuguese Ports of Diu and Demaun, to which it was conveyed in the first instance through Cambay, Baroda, and other ports of native States. The measures adopted for breaking this chain of traffic, by prevailing on the native Princes to prohibit the exportation of Opium from their ports, and by the establishment of high protecting duties on the transit of the drug by land, promised only a very limited and problematical success against the sedulous exertions of the Portuguese authorities to discover new channels by which the drug may find its way to their ports, the very great temptation to native merchants to co-operate in these views, and the difficulty bordering upon impossibility of effectual prevention on the part of our Government, without constant and vexatious interference with the people and the Governments of native States.

46. The Turkey Opium is conveyed to China and the Malay coast, direct from the Mediterranean, principally by Americans and by British ships from Madeira; and although a very inferior and much adulterated drug, it has proved, since the peace, a formidable rival, from the very high price of the Company's Opium, and the inadequacy of its supply, to the total demand of the market.

47. The competition of Bengal illicit Opium is an evil of serious magnitude, and we observe with regret the great extent to which it is understood to prevail. "This species of smuggling," as is well observed by Mr. Larkins, "lies nearest to our doors: it lessens the public supply and the profit upon it; and it is signally injurious to the fair trader, for in a distant market he has to compete with an article in secret hands, which meets him at half price, and at possibly a total exemption from freight and charges."

48. The principles of a strict monopoly, which supposes the exclusive possession of a market and the consequent assurance of high price, by means of limited supply, are evidently inapplicable to this state of things. You have therefore made it a subject of careful consideration, whether the Eastern market cannot be commanded by the adoption of an entirely different system, namely, by supplying its entire demand at such a price as would render competition unprofitable.

49. It seems to be sufficiently established that the demand for Opium, in the Eastern market, has of late years considerably increased: that the Company's standard Opium obtains a decided preference over every other variety of the drug; but that its supply is inadequate to the total demand of the market, and that its price places it out of the reach of the poorer classes of consumers; that the deficiency of its supply leaves an ample opening for the rival supplies, and that its high price enables them to obtain an advantageous sale, even at a much lower rate; and that the rival supplies have derived a further and very considerable advantage, from an unfortunate deterioration in the quality of the Company's Opium during the two last years (1817 and 1818.)

50. In considering the policy of the change of system proposed, namely, of attempting the entire supply of the market, on terms that would annihilate competition by rendering it unprofitable, it became obviously important to ascertain, as correctly as possible, 1st, the total amount of the probable annual demand, and the consequent probable extent of the annual provision; and, 2dly, the lowest price at which it would be worth the while of the rival traders to bring their drug to that market, and consequently the price at which the Company's Opium must be sold, in order to depress the price of the rival Opium below this level. From these data the comparative profit of the present and the proposed systems might be estimated.

51. The results of the inquiries made by the Board of Trade in reference to these points, and the careful discussion of them in the Minutes of Messrs. Udney & Larkins, and in your Resolution of 12th November 1819, appear to show that the present supply to the Eastern market may be calculated to be at least 8,000 chests. The lowest recorded price of Turkey Opium in the Mediterranean is stated at 800 rupees per chest, or two-and-a-half dollars per pound. You think that this price may be fairly assumed, as somewhat below the price at which any large supply could be profitably furnished. This assumption appears to us to be somewhat too hastily made.

IV. Administration of Monopolies.

Opium.

52. There is also evidently some important error in your ulterior calculations. You state that the latest known price of Turkey Opium in the Mediterranean, was four dollars per pound, or 1,300 rupees per chest; and that the latest selling price of the same article at Canton, was 1,035 rupees per chest, "which probably afforded little more than a mere return of the capital employed, and charges incurred, in the adventure."

53. This calculation, however, does not show even a mere return of the capital and charges; it shows, on the contrary, a considerable loss; the price in the Mediterranean exceeding the price at Canton by 265 rupees per chest. We cannot suspect an error in figures; for not only are the same numbers more than once repeated, but the same calculation recurs in another shape, exhibiting similar results.

54. Without, however, dwelling on the errors of a calculation, which we have no means to rectify, we may observe that the only fair conclusion which can be drawn from the premises stated is, that if Turkey Opium, when sold at four dollars per pound in the Mediterranean, gives a fair remittance to China, if sold there at 1,035 rupees per chest; the same Opium, if sold at two-and-a-half dollars per pound in the Mediterranean, would give a fair remittance, when sold in China, at 642 dollars per chest, with some little addition for the difference of freight, and other charges on bulk.

55. You proceed to observe, "that the comparative value of the Bengal and Turkey Opium in the Eastern market is stated to be as five to three; supposing the latter therefore to bear the above price of Rupees 1,035, the Bengal Opium might be expected to sell at Rupees 1,723 per chest, and this price would give a fair profit, supposing the average price of Opium at the Calcutta sales to be reduced to Rupees 1,400 per chest." But if, as we have seen strong reason to apprehend, the Turkey Opium might be brought to the Eastern market at 642 rupees per chest, then, according to the above proportions, the Bengal Opium, in order to drive the Turkey Opium out of the market by comparative lowness of price, must be sold at 1,070 rupees per chest in the Eastern market, and consequently at 869 rupees per chest at the Calcutta sales, if the charges be reduced in proportion to the price, or at a still lower rate if the charges be not so reduced.

56. There are other facts stated in the documents before us which you have entirely overlooked, and which we are sorry to observe bear still more unfavourably on your views of this subject. The importation of Turkey Opium into China, is stated to be as the earliest period of European commerce with that country, though it at first took place in very small quantities. Previously to the Agency system the Turkey Opium was on a par with, or not much lower than, the Bengal.

57. We find, on reference to the records, that the selling price of the Behar and Benares Opium at Calcutta on the average of eight years, from 1787–8, was 558; of eleven years from the same period, being the last eleven years of the contract system, 495; of fourteen years from the same period, which will include the three first years of the agency system, 527 Rupees per chest.* If it was worth the while of the dealers in Turkey Opium to send it to the China market when the price of the Company's Opium at Calcutta was from 500 to 550 rupees, we can scarcely imagine such an enhancement of the cost of production or of transport, as that it would not be worth their while to send it when the price of the Company's Opium at Calcutta is 1,400 rupees, making the most ample allowance for the improved quality of the Agency Opium. We fear, therefore, that the idea so strongly entertained by you, that a sale price of 1,400 rupees for the Company's Opium in Calcutta, will be so low as, by underselling, to drive the Turkey Opium out of the China market, has been taken up on an imperfect view of the subject, and will be found on experience fallacious.

			Quant. Sold.	Average Per Chest.			Price.
			Chests.				
Cons. 1st June 1793.	1787/8	Behar	3,113	466	1	6	Average of 8 Years, R. 558. 9. per Chest
		Benares	580	474	9	7	
	1788/9	Behar	1,907	576	11	19	
		Benares	423	563	3	7	
	1789/90	Behar	1,963	595	5	19	
		Benares	504	582	6	18	
	1790/91	Behar	2,267	568	5	2	
		Benares	572	539	7	18	
	1791/2	Behar	2,474	535	9	7	
		Benares	750	516	11	15	
	1792/3	Behar	2,152	628	1	–	
		Benares	832	637	8	13	
	1793/4	Behar	2,078	553	10	–	Average of 11 Years, R. 495. 12. per Chest.
		Benares	881	586	15	5	
	1794/5	Behar	3,502	480	6	–	
		Benares	1,148	639	2	–	
Cons. 19 June 1797.	1795/6	Behar	4,749	235	9	–	Average of 14 Years, R. 527. 10. per Chest.
		Benares	1,287	246	9	–	
Ditto 23 May 1798.	1796/7	Behar	5,331	286	11	–	
		Benares	1,233	293	–	–	
		Quantity Provided.					
Cott. F. 44	1797/8	- -	4,476	414	–	–	
	1798/9	- -	4,385	775	–	–	
	1799/1800	- -	4,874	687	–	–	
	1800/1	- -	4,151	790	–	–	

58. We

58. We attach more importance to the effects of superior quality in this competition. It was long since observed by a very competent judge of this subject: "Opium is a medicine of so much importance, the diseases in which it is most frequently prescribed are so dangerous, and the quantity in which it is exhibited is so small, that the best that can be procured will be procured without any attention to the difference of price." This opinion relates solely to the medicinal use of Opium, and is so far, we think, unquestionably correct. We have little doubt that the opinion may be extended in a great measure to the general consumption of the drug, considering the very great pre-eminence of price which the best always obtains over the inferior qualities in articles of luxury, in those especially which, like the article under consideration, are used, not as simple luxuries, but as articles considered indispensable to the health of the consumers. In this point of view we are strongly disposed to believe that the Company's Opium, if supplied of the standard quality of 1798, would command over the Turkey Opium in the Eastern market, a preference sufficiently decided to ensure a large profit on a supply nearly commensurate with the entire demand of the market. We do not expect that the Turkey Opium can be entirely driven out of the market; but we think its sale may be restricted within very narrow limits by regular excellence in the quality of the Company's Opium.

59. The quality of the Malwa Opium, approaching and sometimes surpassing the quality of that of Behar, has rendered that a much more formidable rival in the Eastern market. To repress it, either by underselling it, or by any marked superiority of quality, appears to be impracticable. The prohibitory Regulations, which were designed to check its exportation, could only be partially successful; they were reluctantly adopted by the Native Governments; they were attended in their operation with the most serious hardships to the monied, agricultural and mercantile classes; producing the ruin of many, and causing general dissatisfaction and distress. At the same time they could only be partially successful from the multitude of interests concerned in discovering new channels of illicit exportation, and the extreme difficulty of prevention on the part of our Government; and their success at all events could only have been secured by "an injurious interference with the general commerce of the country," and by "measures which Government could not pursue without a just impeachment of its equity."

60. The measure therefore which was originally proposed by the Board of Trade, and which met with the entire approbation both of your Government and of the Government of Bombay, of taking up the Malwa produce on account of the Company, appears to be on many accounts a highly advisable arrangement. Those classes of the native community which have suffered most severely by the prohibitory Regulations, will derive from their dealings with the Company advantages equivalent to those resulting from their original dealings, the suppression or interruption of which, by the prohibitory Regulations, was so severely felt by them; and the same article which would otherwise in spite of those regulations, and after occasioning much individual suffering, and much odium to our Government, have found its way to the Eastern market to the injury of the Company, will thus be sent thither in a manner most beneficial to all parties concerned. What would have been otherwise a source of much vexatious and injurious interference with the people and governments of native States, without any commensurate advantage to our Government, will thus become a source of mutual benefit.

61. The average annual supply of Behar and Benares Opium to the Calcutta sales has been about 4,000 chests. The estimated supply of Malwa Opium to the sales intended to be held at Bombay is also about 4,000 chests; making the total supply of Opium to the Company's sales (at Calcutta and Bombay) about 8,000 chests.

62. The points of detail which are of primary importance in the local arrangements for the provision of the drug, are to obtain the drug of the best possible quality at the smallest possible charge, consistently with the fair remuneration of the cultivator; and to reconcile the security of the present provision with the prevention of the extension of the cultivation.

63. Of the quality of the Malwa Opium we have already spoken it is nearly equal to the standard quality of the Opium of Behar. Every practicable method should be taken to bring it to the perfection of this standard, and above all, to

IV. Administration of Monopolies. — Opium.

prevent its degenerating. The cost of production appears to be somewhat higher than in Behar and Benares. You seem to have some hope that it may be hereafter reduced; of course while the disparity continues, the Malwa drug is the least advantageous provision for the Company. It is on this account sufficiently desirable not to extend the culture, and not for this reason only, but also because the present conjoint production of Malwa, Behar and Benares, is full as much as is desirable under present circumstances. It is also most desirable, that the culture should not be extended in Malwa for the supply of illicit traffic.

64. You think, that although these objects would perhaps be best obtained by the establishment of one or more agencies under the management of British officers, as far as circumstances will allow, on the principles followed under your Presidency, yet various decided objections appear in your judgment to oppose the adoption of such a measure. With this impression, you were of opinion that no better arrangement could be followed than that suggested by Mr. Wellesley, the resident at Indore.

65. The plan alluded to is as follows: "To fix upon certain convenient frontier stations for the receipt of supplies of Opium. To furnish the political authority or authorities in this sphere with copies of the terms on which the Company would receive Opium of particular qualities at the appointed stations, for distribution to the several governments and authorities in Malwa; to authorize the Company's Political Officers in Malwa, or the agents at the Opium stations on the frontier, to invite and receive tenders from Government or individuals for supplies of Opium, to be submitted to the approbation of the Government of Bombay, or to be entertained or rejected at the discretion of those officers, these officers being previously instructed in the wishes of the Bombay Government for the occasion; to prohibit the importation into the Company's territories, of any other Opium than what is brought to appointed stations on the Company's account, subjecting all other Opium to confiscation."

66. We strongly doubt if this plan will accomplish the ends in view. The Company's officers can in no way regulate the quality of the drug, or the extent of the cultivation. The only security for the quality, is in the rejection of the supply if the quality be bad; the only security against the extension of the cultivation, is in the prohibitory Regulations. The prohibitory Regulations have been severe, but not successful; if the whole of the present produce of Malwa be taken for the Company, the severity of the prohibitory Regulations will so far cease to be felt, or if felt, cannot be justly complained of; but if the produce be increased, either the Company must take the increased produce indefinitely, which may very soon burthen us with a superabundant provison, or the same system will take place with respect to the surplus produce which has already taken place with respect to the whole. As long as the Opium trade yields a high profit to the British Government, so long will it be worth the while of all the parties concerned in the old Malwa trade to secure a share in that trade. The numerous interests that have been, and still are concerned in discovering new channels of transportation to Diu and Damaun, will still be in active operation; and (the prohibitory Regulation being confessedly inadequate to their object, without the addition of such measures as Government cannot justly undertake) the consequence will be an increased produce in Malwa, and a transportation of much of that produce to Diu and Damaun. If with all our matured and acquired means of prevention in our own possessions, illicit Bengal Opium finds its way in no inconsiderable quantity to the China market, it is scarcely to be supposed, that under all the circumstances connected with the Malwa produce, which we have already noticed, we shall not still have to encounter a very formidable opposition from that produce, unless means can be devised to prevent the extension of the cultivation.

67. You propose to discourage the cultivation by limiting your own demand. You think the Company will derive less profit on the produce of Malwa, than on that of Behar and Benares; but you think it necessary to take the Malwa produce, because of the "probability that if Government refuses to purchase it, it will ultimately find its way to the Eastern market through clandestine channels;" but you do not seem to be aware that this probability will still apply to all the surplus produce beyond the Company's demand, that this surplus produce will, in the natural course of things, if the extension of the cultivation be not prevented,

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be extended according to the demand from other quarters; and that this demand from other quarters will infallibly take place, so long as the profit on the trade shall counterbalance the risk of clandestine transportation. At what point (that is to say, at what price of the drug in the Eastern market) the profit of the clandestine trade will cease to counterbalance the risk, it is extremely difficult to determine; but we see every reason to fear, that this point is not to be found within limits that would leave to the Company any considerable revenue from Opium.

68. You do not intend to interfere with the cultivation for internal supply, and you state the internal demand to be considerable. Here then is an abundant supply at once in the internal market; a supply as much at the service of the clandestine dealers, as of the domestic consumers, and capable to all appearance, of indefinite extension.

69. We are fully aware of all the objections and difficulties that oppose themselves to the establishment in Malwa of a system resembling that of the Bengal Agencies, but we fear that by no other means can the extent of the cultivation be controlled; and if not only the same, but any thing like the same degree of competition in the Eastern market should be experienced when we furnish it with 8,000 as when we furnished it with 4,000 chests, we see much to apprehend from the consequences of a redundant supply. You have calculated on an inevitable temporary depreciation till the competition of foreign Opium is repressed; but the tendency of our preceding observations leads strongly to the opinion that such depreciation will be, not temporary, but permanent; and that either the competition will not be repressed at all, or that it will return with the return of our profit.

70. The object of the proposed modification of the Bombay Regulation 1, of 1818, was such a relaxation of the import duties on Opium prescribed by that Regulation as would reconcile the permission of a sufficient import by land for the consumption of Guzerat, with the prevention of exportation by sea. To secure on the one hand to the people of Guzerat the use of an article which they consider indispensable to their health, and of which the high duty (12 rupees per seer) imposed by Regulation 1, of 1818 was a virtual prohibition; and to prevent, on the other, the allowed supply for internal consumption from being diverted into the channels of clandestine exportation, considering the ample means afforded to the latter by the whole coast of that extensive peninsula which lies between the Gulphs of Cutch and Cambay, and at the southern extremity of which lies the island of Diu itself, one of the principal emporiums of the rival trade, appears to us an attempt replete with difficulties. Your suggestion to the Bombay Government to avoid for the present any formal repeal of the regulation, and to grant a conditional relaxation of its rules in the form of a temporary notification, rather than in that of a legislative enactment, meets our entire approbation, as the best course which could, under all the circumstances, be pursued. By adopting this method you keep it within your own power to reimpose the duty, without reference to England, whereas if the regulations were repealed, no new duty could be imposed without our special authority.

71. In stating to you the views which have forced themselves upon us on a careful consideration of this question, we would by no means be understood to disapprove the plan you have adopted, which was demanded as a measure of justice, as the only compensation that could be offered for the injury sustained by the people from the operation of the prohibitory Regulations. If those Regulations had been abolished, the open competition of the Malwa drug would have destroyed our Opium revenue. If they had been continued without the alleviation of the present measure, they would have continued to produce the greatest hardships to the people, and could only have been rendered effectual at an enormous expense in establishments, and by means which Government could not pursue without a just impeachment of its equity.

72. We are fully aware that you had only a choice among many opposite difficulties, and that you had it not in your power to fix on a course that would not have been liable to exceptions, but we have deemed it necessary to call your attention to some important considerations which you appear to have overlooked, and which forbid us to entertain any very sanguine hopes that the result of the course you have pursued will realize your expectations of maintaining the revenue at the

IV. Administration of Monopolies. Opium.

standard of the most favourable year (1814-15), at the same time the means which the Company possesses of commanding a large supply on moderate terms and of an excellent quality, will always afford it a considerable advantage in the ordinary course of mercantile competition. We have no doubt that these advantages are capable of very great extension, if the drug be supplied of such uniform good quality as will give the purchasers in the Eastern market implicit confidence in the Company's stamp. This confidence the deterioration of late years has greatly weakened. If this confidence can be restored and preserved, our resources may still derive considerable benefit from that moderate profit on an enlarged supply to which we must restrict our expectations; but we are fully persuaded that in proportion as this confidence shall be preserved or lost, this branch of our revenue will prosper or decay. The point therefore of vital importance, and that to which your most vigilant supervision is required, is the preservation of uniform excellence of quality.

73. We approve the distinction in the form of the cakes which you have directed to be made between the Opium of Malwa and that of Behar and Benares.

—No. 8.—

EXTRACT LETTER in the Separate Department, from the Court of Directors, to the Governor General in Council in Bengal, dated 11th July 1827.

LETTER from the Governor General in Council to the Court of Directors, dated 23d March 1821. (127 to 138; also Letter, 30th July 1823, paras. 42, 43, and 49 to 84.) Provision of Malwa Opium, and annexation of the Malwa Agency to Calcutta. An increase of price thought necessary to the cultivators of Opium in the Bengal Agencies. The Collectors of Tirhoot, Sarun and Shahabad, to act as deputies to the Opium Agent in Behar. Doctor Hare appointed to act as Examiner of Opium; and the expediency of a third Opium Agency in Rohilcund, under deliberation.

Para. 36. We acknowledge the justice of your remark, that the subject of Malwa Opium is beset with difficulties, and we are happy to perceive by the voluminous correspondence which we have perused, that it has been considered by you with the most anxious attention, though we have to lament that the information before us remains too imperfect to enable us to form any decided opinion on the questions which still perplex you.

37. Your object in taking into your own hands the market of Malwa Opium, was to prevent its competition with that from your own Agencies in Bengal, and thence to secure the benefit of a monopoly in the Eastern market. That the experiment as yet, has been far from successful, sufficiently appears from the documents before us. You were but little satisfied with the conduct of the agent employed by the Bombay Government in Malwa. The extent of his pecuniary drafts is one circumstance which, of course, attracts attention. They amounted, for the supply of one year (1823), to the enormous sum of 86,25,000 rupees, and as yet we have no documents to show how it is accounted for. On this subject, therefore, we are under the necessity of postponing our opinion.

38. The means of preventing the Opium, raised without restriction in Malwa, from reaching the hands of the private merchant and the China market through him, seem to be of two kinds, either obstructions to the transit, or such regulations of prices as may exclude competition.

39. The first of these expedients is so difficult that its success must be regarded as exceedingly doubtful. The commodity is so valuable in proportion to its bulk, that it is easily carried and concealed; and it is, or may be raised over a great extent of country, or rather, of many countries, of some of which we have not the government.

40. In attempting to exclude competition by the second expedient, that of regulating the price, it is easy to foresee this inconvenience; that if you give such a price as will prevent all rivalry from the private trader, you encourage the manufacturer to augment the quantity to an extent which will speedily glut the market; and this seems to have been one of the inconveniences actually experienced in the case of Mr. Taylor's agency.

41. Your Secretary, Mr. Holt Mackenzie, whose opinion has always great weight with us, seems to regard the attainment of your object, either by obstructing the transit of the commodity to the coast, or by regulating the price, as hopeless; and he came to the conclusion, that unless "some arrangement for shackling the trade

See his Note under date 10th July 1823.

trade in Malwa Opium be adopted, there is little chance of your being able to prevent such a fall in price, from superabundant supply, as will render the possession of the monopoly in Behar and Benares of little value." His expedient is to monopolize the cultivation in Malwa, in the same manner as in Behar and Benares; in other words, to prevent the cultivation of Opium by any other parties than those with whom Government enters into contract. As no observation is made upon this plan, either by you, or by the Board of Customs, Salt and Opium, we conclude that it is regarded by you, as indeed it appears to us, impracticable. To prevent clandestine cultivation through such an extent of country as Central India, in which the machinery of our Government is very imperfectly, and in some places not at all, introduced, and to obtain a faithful execution of any compact for that purpose, which the native Chieftains may enter into with the British Government, appears to us still more difficult than the other expedients which have so imperfectly answered your expectations. The unfavourable impression on the minds of the people, which we are informed by Sir John Malcolm has been the effect of our endeavour, even to monopolize the produce, must be still greater if the monopoly and limitation of the manufacture is attempted.

"That our extension of the monopoly of Opium to Central India, will be attended with considerable trouble, and that it will, from the immunities we may require, and the connection with managers and others to which it may lead, give rise to much annoyance and general jealousy and bad feeling, is not to be doubted. It will, and indeed has already, made an impression not favourable to our interests." Letter of Sir John Malcolm to Mr. Secretary Warden, dated 26th April 1821.

42. Under these circumstances, and still more when we consider how extensively from other countries than India, from Turkey, and from Persia, Opium may eventually be procured by the private trader, we cannot conceal from ourselves the probability that it will not be in your power to maintain a control over the supply of the Eastern market. We do not, however, adopt to its full extent the conclusion which has been drawn by Mr. Mackenzie, "that the possession of the monopoly in Behar will then be of little value." It appears by the statements furnished to us, that Malwa Opium cannot be cultivated and brought to the coast for less than from 600 to 700 rupees per chest. It appears also that in Behar and Benares your Opium is produced at 300 rupees per chest, or perhaps less. If you were obliged then to sell as cheap as the lowest price at which Malwa Opium can be sold, you would still have a profit of 300 rupees per chest. But farther than this, it seems well ascertained that the Opium of Behar and Benares is a preferable article, and will always fetch a higher price than any other Opium. It seems to be the practical inference from all this, that your main attention should be directed to the means of attaining the greatest possible revenue from the Opium of Behar and Benares.

43. Under the prospect which seems forced upon us by this state of affairs, the measure which we perceived has occupied a great share of your attention, of removing the Malwa agency from the Bombay Presidency to your own, is a matter of inferior importance. Though strong considerations were urged by Mr. Warden for retaining the agency and the Malwa produce on the western side, we think that those by which you were determined preponderated. You could not have made a more judicious selection than that of Mr. Samuel Swinton for agent in Malwa. The objection which we should otherwise have felt to the appointment of a military officer (Captain Dangerfield) to the office of assistant, is in this instance superseded by the peculiar aptitude of the individual whom you describe as having, under Sir John Malcom, enjoyed great opportunity of acquiring both local knowledge and experience in regard to the culture and disposal of Malwa Opium. Though the allowances of these officers are high, they are disproportionate to the importance of the trust.

Agent, 5,000 R^{s} per month. Assistant, 1,000 do.

44. We have had an opportunity, by the arrival of your consultations in this Department to March 1824, of observing the proceedings of Mr. Swinton to a late date, with which we are happy to perceive that you have reason to be fully satisfied; and from that gentleman we trust you will derive information sufficient to come to a satisfactory conclusion as to what is your best policy in regard to Malwa Opium. Respecting your directions for the provision for 1824, which appear to us to be judicious, we shall speak more fully in our next letter in this department.

45. We have considered with much attention the correspondence relative to the provision of Opium in Behar and Benares, and have been very forcibly struck with

IV. Administration of Monopolies. Opium.

the imperfect information which you possess relative to the cultivation of the drug, even in those provinces where you certainly had the means of obtaining a full acquaintance with every thing connected with it. We cannot forbear attaching blame to preceding Boards, to which this important branch of the interests of the State was specially entrusted, for the want of information which is now apparent in your proceedings, and trust you will take care that a speedy remedy for this defect shall be provided by the present Board.

46. Under much diversity of opinion and strong considerations adduced on both sides, you have come to the resolution of allowing an additional price to the growers of Opium in the Bengal agencies. We cannot pronounce that you have done wrong in this. But we are not satisfied in the present imperfect state of information, that you have done right. We are indeed inclined to think that until you were better acquainted with the grounds on which you were to proceed, the preferable course would have been to abstain from innovation. It may still be found that this increase of price was not necessary, but it will not be easy in such an event to reduce it.

47. The appointment of the collectors of Tirhoot, Sarun and Shahabad, to act as deputies to the Opium Agent in Behar, and of Dr. Hare to act as examiner of Opium, and to secure, by a more accurate analysis, the due perfection of the drug, are arrangements which promise the advantages you expect from them.

48. The project of establishing a third agency in Rohilcund is under your consideration, and we expect from you more ample information on the subject; till which time we shall defer the forming of our opinion. One thing we may remark, that all plans for enlarging the supply of Opium in the Bengal agencies, must depend so much upon your final determination with regard to the Malwa produce, that till such determination is made, you hardly can, without danger of great mistake, adopt any specific proceedings. In the event of your deeming it inexpedient to continue your efforts to preserve the monopoly of the Western produce, one point to which we do not see that you have adverted, will present itself for consideration; viz. whether by arrangements with the Governments to which the several Ports in the Western Coast belong, a considerable export duty might not be imposed. This, if practicable, would both tend to keep up the price in the Eastern market, and, to the extent of the proceeds, would be an immediate gain.

—No. 9.—

EXTRACT LETTER in the Separate Department, from the Court of Directors, to the Governor-General in Council in Bengal, dated 21st January 1829.

Para. 2. WE now reply to paras. 408 to 412, and para. 419 of your Letter, dated 31st May 1827; also to your Letter, dated 18th October 1827, and in conjunction with these, to a former Letter of yours, dated the 18th of May 1826.

3. In these Paras. four differerent subjects are presented to our notice, which we shall consider in the following order: 1st. The employment of certain collectors as deputy Opium agents; 2dly, The appointment of Mr. Fleming to act in the capacity of referee and supervisor in Behar in Opium affairs; 3dly, That of Captain Jeremie to perform certain experiments for the improvement of the drug, and to prepare it for medical purposes; 4thly, The proposal for erecting a separate office for the business of Opium Examiner at the Presidency.

4. First: The subject which comes first in this order is the plan you have adopted, of employing the collectors as deputies to the Opium agents of Behar and Benares, in those of the more distant Aurungs, where a more efficient control seemed wanting over the native officers, and more complete security to the cultivators of reaping the full advantages to which they are entitled. We have already sanctioned this measure, as far as regarded the appointment of the collectors of Tirhoot, Sarun and Shahabad, by our Dispatch, dated 11th July 1827; and you now inform us that, in addition to those officers, you have invested with the powers of deputy Opium agents in their respective districts the collectors of Allahabad, Benares, Juanpore, Goruckpore, Ghazeepore and Ramgur. We perceive by your correspondence with the Board of Customs, Salt and Opium, and the Central Board of Revenue,

Revenue, that the advantages and disadvantages of the measure, and the means of obviating, as far as possible, all probable inconveniences, were carefully considered, and we feel no hesitation in giving it our full approbation. We think also that you judged well in respect to the mode of remunerating collectors for the duties of Opium agency, by adhering to the general rule, which makes the reward contingent upon the success.

5. Second: Your experience seemed to you to have afforded reason to anticipate one inconvenience under this arrangement; namely, that of disagreement arising between the Opium agent and the deputy agents, respecting the quality of the Opium delivered by the deputy agents; and it appeared to you a proper act of foresight, to provide the means of adjusting those disputes. The expedient of a referee was naturally presented to your minds; and you deemed yourselves fortunate in having an officer, highly qualified for the purpose, in Mr. Fleming, Second Judge of the Provincial Court at Patna, who could undertake the duties without detriment to those of his situation in the judicial department. In order to derive advantage as far as possible from the services of Mr. Fleming, who, in his judicial capacity, would be called into many parts of the Opium district, and might be of great use by his supervision and suggestions, you thought proper, on the recommendation of the Board of Customs, Salt and Opium, to constitute him a Supernumerary Member of that Board in the Opium department; and for the performance of all these duties, you assign him an extra allowance at the rate of 500 rupees per mensem, to be drawn from January 1826, on the ground that his services, during the whole of that period, had been given to the department.

6. One observation immediately occurs on the consideration of this arrangement; that if the performance of these duties, the settlement of disputes between the agent and deputy agents, and between the cultivators and other parties, together with the improvement of the cultivation and manufacture, be of importance in the Behar agency, it must be of corresponding importance in the Benares agency. In particular, the settlement of disputes must be an exigency equally strong in the one case as in the other, yet the provision is made solely for Behar. Under the painful experience which we have had of the shifting and unsettled character of your plans of administration in the Opium department, and the present absence of any explanation, why that which you deem of so much importance for Behar has not been thought of for Benares, we cannot exempt ourselves from the fear that this measure has been adopted under no general and comprehensive consideration of the subject, embracing collectively the objects which you desire to obtain, and distinguishing skilfully the series of operations through which they are most likely to be secured; the suspicion rather is excited, that the suggestion arose from no consideration more enlarged, than the existence of an officer on the spot whom the employment would peculiarly suit, and that of an Opium agent, who needed his assistance. We are not disposed, on the ground of this suspicion, to condemn the appointment; but we dislike a partial expedient for a general exigency, and we disapprove the absence of explanation, when a remedy provided against anticipated evil in one case is not afforded in others, where it seems equally wanting. Another thing which seems exceptionable to us in this arrangement is, that being made for a permanent purpose, it is not calculated for permanency; because the circumstance of a Judge of Circuit on the spot, possessing the qualifications of an Opium referee and supervisor, is not likely to occur again. It is true, that your experience of Behar, with a referee and supervisor, and Benares without any such officer, will afford you some means of comparison. But Government should not in this or in any other department, be for ever a matter of experiment. You should by this time be able to proceed upon former knowledge, and anticipate effects. Should it be found that the Benares agency can be conducted prosperously without a referee, (and if the agent is an officer fully qualified for his office, we see no reason why it should not,) the inutility of such a functionary in Behar being thereby proved, the abolition of the office will be only an addition to those fluctuations in your plans, of which there seems to be no end. As full time for this experiment will have been afforded before the present Despatch can be received, we direct that no time may be lost in affording us an accurate and faithful report on the subject.

7. Third: The project of extending the cultivation of Opium to Rohilcund, and establishing there another agency, suggested by Mr. Forde, collector of Moradabad, and Captain Jeremie, was by you, upon reasons which appear to us satis-

IV. Administration of Monopolies. Opium.

factory, declined. But in consequence of the Report of the late Doctor Abel, that the Opium grown by Captain Jeremie, in Rohilcund, possessed "superior excellence as a narcotic over that of Behar, Benares or Patna, while in its other qualities it would bear a comparison with the finest kind of that grown in Turkey," the Board of Customs, Salt and Opium, being of opinion that Opium, of the character of that produced by Captain Jeremie, might be prepared in any of the present agencies, recommended that an experiment to that effect should be made; and in the making of it, that the following points should be in a particular manner attended to.

"1st. Generally, whether our Behar, Benares and Malwa Opium are capable, by means of improved cultivation or different preparation, of being assimilated, in all respects, to that of Turkey.

"2d. Whether, if converted into such, in what way the value of each would be affected in Chinese estimation.

"3d. Whether the present proportion of narcotic substance in the Behar Opium could be augmented, and the drug be still preserved, free from the noxious properties which the Chinese consider the Turkey Opium to possess.

"4th. What it is in the manufacturing process in our agencies that is prejudicial to the goodness of the drug, compared with the Turkey Opium, as a medicine in Europe.

"5th. How far, if the character of Turkey Opium can be imparted to the produce of India, and the article be sent home to compete with the other, there would be any fear of its subsequently finding its way to China, and so interfere with the exports made directly from hence; and,

"6th. If possible, to discover the nature of those desirable qualities in the Behar Opium which have already obtained for it such a decided preference amongst the Chinese consumers."

8. The Board proceeded afterwards to recommend Captain Jeremie for this particular service, in the following words: "We attach great importance to the careful investigation of these points, and we really do not see how they could be more successfully examined than by Captain Jeremie, who has manifestly acquired an extensive knowledge of the subject, and by the light which he would throw upon it in its various branches, if his services were wholly at the disposal of the department would, we are persuaded, amply repay the Government for any remuneration which they might give him. What we would suggest is, that Captain Jeremie be permitted to proceed to Behar, being, while there, under the orders of the agent, and that a moderate space of land be assigned to him wherever the soil is most favorable for his experiments. The objects we have in view are evidently of a nature that can only be thoroughly sifted *on the spot*, by a minute and narrow scrutiny into the varieties of soil, the different modes of cultivation, and all the operations of manufacture; so that, at first, though he might be considered in the light of an assistant to the agent, and be subject to his general supervision, it would be best that his attention should be confined to one place. The different specimens of Opium that he might prepare would be kept wholly separate from the general investment, so that there could be no fear of any change of feeling in regard to it; nor would any the slightest alteration be suffered in respect to the present provision, until after it had been actually proved to be beneficial, and had, of course, been submitted for the sanction of Government, so that we do not apprehend any possible harm. On the contrary, there is every ground in the evidence Captain Jeremie has afforded of his competence to the undertaking, of deriving gradually the most valuable information from his employment in the service.

"This appears to us the only way in which the experiments could be conducted with a hope of success, the Opium in small parcels being sent to Calcutta after it was made, and by us being subsequently forwarded to different quarters, and especially to the Honourable the Court of Directors, if it is found practicable to prepare a quantity on the Turkey principle.

"An improved mode of packing the Opium would form also another subject of inquiry, on which Captain Jeremie has already, in his correspondence with Mr. Forde, offered, as it appears to us, some good suggestions."

9. Approving

9. Approving these suggestions, you authorized Captain Jeremie to be employed under the agent at Behar, at a salary of Rupees 500 per mensem, as a temporary arrangement, and for the purpose of experiment. Afterwards, on a strong recommendation from the Medical Board that Captain Jeremie should be employed to manufacture a pure Opium for the use of the medical department, you thought proper that this should be included among the duties he was to perform.

10. Averse as we are to the creation of a new office, and to any addition to the expense of your Government, we think that the advantages here in view were so great, and the promise of them so fair, as to justify a temporary arrangement for the chance of their attainment. It is our particular desire, however, that the temporary and experimental character of the measure be not lost sight of; and to this end, that an accurate report be forwarded to us as soon as possible, informing us what the result of the experiment has been, and whether any arrangement consequent upon its success or failure is by you reckoned expedient.

11. Fourth: When you had made such extensive arrangements and sanctioned so great an expense for superintending the produce and preparation of Opium, and improving the quality of the drug, we expected to find a distinct declaration on your part, that the expensive project which you had formerly in view, respecting an office of Opium Examiner at Calcutta, and which you reported to us in your Letter dated the 18th May 1826, had been relinquished. Of this project we did not think favourably from the beginning, and on that account suspended our approbation. The reasons which induced us to incline to the opinion of those members of your Government who were averse to the proposition (for there was a difference of opinion in the Council), it is not necessary for us now to state at length, because the arrangements which you have since adopted supersede the presumption of utility on which the former project was grounded. The functions of Opium Examiner at the Presidency, have one main object in view, that of satisfying the purchasers in a general way respecting the quality of the article offered for sale. To this you proposed, through the establishment of an office of Opium Examiner, to add another service, that of superintending the produce and improving the quality of the drug. These, however, are the very objects which it is proposed to accomplish through the appointments of Mr. Fleming and Captain Jeremie; and if these appointments answer your expectation, we see not any purpose of this nature which remains to be effected through the instrumentality of a separate functionary at the Presidency. If this be so, the duty of an Examiner at the Presidency is restricted to that narrow and very easy one, of passing such a judgment on the quality of the Opium, as is requisite for the satisfaction of the dealers; and which, in the opinion of all parties, can be performed with perfect convenience by the Apothecary General. From your silence on this subject in your latest letters, we infer that we shall hear no more from you of the establishment of such an officer as that of Opium Examiner at the Presidency, which, in the present state of our knowledge, we should not consider entitled to approbation.

—No. 10.—

EXTRACT LETTER in the Separate Department, from the Court of Directors, to the Governor General in Council in *Bengal*, dated 16th September 1829.

Para 2. WE now reply to so much as relates to the subject of Malwa Opium, in your subsequent communications, *viz.*—

Letter, 31st May 1827, Paras. 318 to 357.
— 26th June 1828, - - 174 to 207.
— 30th Oct. — - - 346 to 368.

3. On the danger to which you conceived the revenue derived from your Bengal Opium was exposed, unless a check could be applied to the exportation of Malwa Opium to the Eastern market, on the difficulties which seemed to oppose the establishment of such a check, and on the plan which you had adopted for making the experiment, by transferring the agency from the Bombay to your own Government, you have already reported your sentiments, and received our replies. In the documents now before us, we have an account of the proceedings of Mr. Samuel Swinton, from the time of his being appointed your agent till nearly the time of his resigning the office; and the whole of your

IV. Administration of Monopolies. Opium.

correspondence with him and with the Superintending Board, on the subject of his operations. We are now, therefore, able to take a view of the objects which he effected, and of the prospect in regard to the future which the result of his proceedings may be deemed to afford.

4. We think you acted judiciously in your mode of ascertaining by trial, in what proportions it would be expedient to dispose of the proceeds of the Malwa agency at Calcutta and Bombay; a point which could not be determined without experience.

5. The attention of the agent was of course in the first instance directed to the acquisition of knowledge respecting the extent of the cultivation of Opium in Malwa, the extent to which the cultivation might in ordinary circumstances be carried, and the roads by which it was capable of being conveyed to the coast. When these points were ascertained, the questions remaining were, by what means the quantity cultivated could be kept within those moderate limits within which it was of importance to the objects you had in view that it should be confined, and what were the means which could be employed for preventing the transportation of the article to the coast, and its consequent exportation to the Eastern market.

6. The result of the active and judicious inquiries of Mr. Swinton, was satisfactory in regard to both points; the quantity of Opium capable of being cultivated in Malwa, and the routes by which it could be made to reach the coast.

7. It had been apprehended, that in the extensive regions of central India, the means of extending the cultivation of Opium were unlimited. It appears that this is very far from being the case. It requires much irrigation and manure; and the cultivation of it in fact, is very expensive.

8. It seems to be ascertained also, that the number of routes by which Opium in any quantity worth regarding, can be conveyed to the coast, is not considerable; and that the means of closing them, at least so far as to prevent any but small quantities from being conveyed by them to the coast, are not unattainable. Great praise is due to Mr. Swinton, for the active industry with which he prosecuted the inquiries which led to these results, and for the judgment and good sense which he displayed in the mode in which he elicited his information.

9. The two great objects for the attention of Mr. Swinton, after the knowledge of the facts on which his proceedings were to be founded, were so to conduct his operations in effecting the purchase of the commodity as to bring down the price, which had been enormously enhanced by the injudicious proceedings of the Bombay agent; and in the next place, to secure the co-operation of the native Princes in whose territories the drug is cultivated, or through whose territories it must pass in its way to the coast.

10. In the first of these objects, the efforts of Mr. Swinton were attended with a success much beyond what could have been anticipated. In the first year of his agency (1824) you were obliged to authorize him to go to as high a price as 55 rupees per punseeree of 10 lbs.; you were enabled to reduce the limit to 40 rupees in the next year; and at last Mr. Swinton was enabled to purchase at the comparatively low price of 30 rupees.

11. This reduction of price, under all the difficulties with which Mr. Swinton had to contend, tends strongly to confirm his conclusions respecting the practicability of excluding competitors from the market of Malwa Opium, and securing to the requisite degree, the command of it in the hands of the British Government.

12. Towards the attainment of the second object, the hearty concurrence of all the native Princes, whose co-operation was necessary to restrain the cultivation of the drug, or prevent its passage to the coast, considerable progress seems to have been made; in which we see with approbation, how much Mr. Swinton was aided by the co-operation of Mr. Wellesley. After negociations, which necessarily occupied a considerable time, arrangements were effected with the Raj Rana of Oodeypoor, the Maha Rao Rajah of Boondee, with the manager of Meer Khan's Pergunnah, in Meywar, with the Raj Rana of Kotah, with the Government of Holkar, and with some other states in Malwa.

13. It is not our intention to enter into the detail of the agreements which were made with these rulers. We see with much satisfaction, that all the particulars were

were carefully considered, that great diligence and discretion were employed in managing the negociations, and that the object of reconciling the interests of the chiefs and states in question, with those of the British Government, was steadily pursued, and, we believe, to a great degree attained. We perceive it was your opinion, that in some particulars the arrangements made, would still admit of beneficial alterations; this was to be anticipated in a case altogether new. We trust you will keep your attention fixed upon the subject, and make such alterations as farther observation may suggest.

14. With respect to the rulers of the states with which the engagements were found, it was your object to give them what might appear to be an equivalent for the revenue they might lose by aiding your monopoly. These rulers will only be induced to draw cordially with you in the measures necessary to secure your monopoly, by being led to think that they rather gain than lose by doing so; and this persuasion you must endeavour to establish in their minds, while you must suggest to them such modes of confining the cultivation of the poppy to the best soils in their respective dominions, and of limiting the total extent of its cultivation as may be least oppressive, and least forcibly strike the Ryot as an arbitrary and injurious interference with his rights and interests.

15. The pecuniary "result of the Opium concern in Malwa," you say, "belongs more properly to the financial department, and will there be explained." You present us, however, with a statement of your disbursements and receipts in this concern, to the end of the official year 1825–26, which exhibits a net profit of Rupees 6,55,754, exclusive of the Opium remaining in store, and of the quantity transferred to the Abkarry department. You have been fully advised, in our Territorial Finance Letter, dated the 3d June last, that the accounts on which the calculations of the profit and loss resulting from the monopoly of Malwa Opium had been made, were very defective; and that there was reason to suppose that the real profits at the close of 1825–26, exceeded 60 lacs of rupees.

16. From the success which has attended these proceedings, we entertain a more favourable opinion of your power so to restrain the exportation of Malwa Opium, as to prevent it from materially interfering with your Opium revenue, than that which we were obliged to draw from some of your previous communications. It is an object of so much importance, as to deserve your utmost endeavours for its attainment. We observe, that your hopes with regard to the future, were still mixed with some apprehensions; and there could be no doubt that the precautions you had been able to take, might still be defeated by circumstances of which you had not at that time been able to take account. Much would no doubt depend upon the parties into whose hands the business devolved after the departure of Mr. Swinton, and upon the ability and zeal with which the measures he had so well commenced, were followed up. We shall be happy to hear that an arrangement similar to that with the other states, has been made with Scindia's Government, the co-operation of which, in the restrictive system, appears of importance to its success.

17. In the present state of our information, we deem it unnecessary to make any further observations. The general object of your proceedings, that of securing a large branch of the revenue, is of obvious importance; and your conduct appears to have been such as, considering the difficulties in which you were placed and the necessity of feeling your way, good policy directed.

18. We remain anxious for information respecting the subsequent proceedings and their results. We earnestly hope they have been successful. At all events we trust they have been such as to afford decisive evidence of what we have to expect; and that we shall not long have to wait for the communication.

19. We observe from the Report of the supra cargoes at Canton, dated 13th September 1827, that the Chinese have manifested an increasing taste for the Opium of Malwa; and that it had in consequence of this and the disrepute of the Bengal Opium, arising from the bad quality of it in the preceding year, produced a much higher price than the Patna and Benares Opium, which in that year were stated to be of good quality. This circumstance, though the supra cargoes describe their information as very imperfect, we trust has not been overlooked by you and the Board of Customs, as indicating the course which ought to be pursued in our Bengal agencies. It is at variance with the theory of the late Dr. Abel in

IV. Administration of Monopolies. — Opium.

attempting to explain the reasons why the Chinese preferred the Patna Opium, both to the Malwa and the Turkey Opium. We hope that the experiments which were approved of in our Letter dated 21st January last, will have enabled you to judge of the competency of the officers entrusted with the preparation of an article so important both to the commercial and financial prosperity of your Presidency, to improve the quality of the Opium. Should you entertain doubt on this point, we must insist on your adopting the course indicated in the concluding paragraph of that Letter, as we cannot for a moment consent to sacrifice objects so important on account of any personal considerations.

—No. 11.—

LETTER from the Governor-General and Council in *Bengal*, in the Political Department, to the Honourable the Court of Directors for Affairs of the Honourable the United Company of Merchants of *England* trading to the *East Indies*.—(Dated 10 July 1829.)

HONOURABLE SIRS,

HAVING received from the several Political Authorities their answers to the call which was made on them to report the result of their observations on the effect produced by our arrangements, for the restricting the growth and suppressing the exportation of Malwa Opium (as reported to your Honourable Court in paragraph 178 of our Address from this Department, dated 8 May last), we have now the honour to submit copies of all the Documents connected with the Opium question not referred to in that Address, or subsequently received, as well as a copy of the Resolution which, after mature deliberation of the contents of the several communications here referred to, we have passed on this important subject, involving the total abandonment on our part of interference with the growth and transit of Opium throughout Central India.

List of Packet, Nos. 2 to 38. No. 40.

2. We deem it unnecessary to occupy the time of your Honourable Court with a repetition of the grounds on which we have considered it imperative on us to adopt the measure abovementioned, as they are distinctly stated in the Resolution. A summary of the correspondence on the subject of our Opium arrangements having been prepared in the Secretary's Office, a copy of that paper is also transmitted, a number in the Packet.

No. 39

3. On a reference to the Resolution now submitted to your Honourable Court, you will observe that we propose to take into consideration, in the General Department, whether the provisions of the existing treaties relative to furnishing a supply of Malwa Opium shall be kept up with any, and which, of the Malwa states, supposing, of course, that they are willing to continue to deliver the article to us on the present terms, or any others that may be negociated, and generally, what measures should be taken to provide for the Bombay sales, and extend the cultivation of the poppy in Behar or elsewhere within the Honourable Company's Territories.

We have the honour to be, with the greatest respect,
Honourable Sirs,
Your most faithful humble Servants,
(signed) *W. C. Bentinck.*
W. B. Bayley.
C. T. Metcalfe.

Fort William, 10 July 1829.

ABSTRACT of CORRESPONDENCE regarding MALWA OPIUM, commencing from the Year 1818 to the Year 1828; in two Parts.

PART 1st.

Pol' Cons. 5 June 1818. No. 95.

THE first Paper in the series is a Despatch from the Supreme Government, requesting a communication of the views of the Bombay Government as to the best method of checking the exportation of Malwa Opium, *viâ* the ports of Diu and Demaun, for the China market. The Bombay Government state, in reply, that, 1st. As the cultivation of the poppy had been prohibited in Guzerat (in 1803) by the influence of the British Government, so by the same influence the cultivation

tion of the drug for exportation might be prohibited in Malwa: 2dly. That should the prohibition of the cultivation of the drug in Malwa be considered objectionable or impracticable, by cultivating the poppy in Guzerat we should at any time be enabled to drive the Malwa Opium out of the Chinese market.

In the Resolution of Government recorded in the Territorial Department, as per margin, a full review is taken of the question of Malwa Opium, and of the effects it would probably have on the Bengal monopoly, were not our restrictive measures extended to Málwa.

Territorial Dep^{t} 1819. Cons. 12 Nov. No. 14.

After explaining the relative value of the Bengal and Turkey Opium in the Chinese market (which is as 5 to 3), and showing that there is no ground for apprehension from the effects of that Opium, provided the price of our Opium be not kept too high, it is observed that, on account of the demand for Malwa Opium in the Chinese market, it is impossible for us to retain our strict monopoly of Bengal Opium; it remained to be considered whether we could obtain supply from Malwa at such a price as to prevent any great deficit in the revenue from the inferior price which Bengal Opium must fetch in consequence of the modification of our monopoly.

The objects that would be attained by a more extended supply of the Chinese market on moderate terms would be, 1st, the prevention of smuggling; 2dly, the expulsion of foreign Opium from the Chinese market. The total amount of foreign Opium supplied to the China market in the year 1817–18 exceeded 3,000 chests, and the supply to Java and the Eastern Archipelago averaged 1,100 chests, making a total supply of 4,100 chests. If then 4,000 chests, in addition to our Bengal Opium (4,000 chests) could be supplied by us from India, it would appear that our Bengal Opium would suffer no material depreciation. The chief object in view must necessarily be, 1st, to obtain the supply of 4,000 chests from Malwa; and, 2dly, to prevent, by restrictive measures, the production of any quantity of Opium in excess of that supply. The scheme, however, of introducing our restrictive measures into Malwa was stated to be liable to many objections, viz.

> 1st. That it would be an improper interference in the internal affairs of foreign states: 2dly. That it would paralyze the trade and commerce of the country in question: 3dly. That it would render our Government universally unpopular; and it was left to the Bombay Government to propose measures which would obviate those objections.

In a Letter from the Bombay Government, of the 12th May 1820, certain suggestions of Captain Pottinger's are mentioned. That officer points out the necessity of restricting the subjects of Holkar and Scindiah in the Dukkan by the same regulations as the subjects of the British Provinces, from the sale and importation of Opium.

Pol. Cons. 15 July 1820. No. 99.

The right of the British Government to search all merchandize that might conceal Opium in its transit through the British territory to Scindiah's Dukkanee villages, is pointed out in the Despatch as per margin.

Pol. Cons. 14 Nov. 1820. No. 105.

In the Letter from Bombay of 14th December 1821, the route by which Malwa Opium is smuggled to Diu and Demaun is marked out. It is conveyed from Malwa to Paulee, thence to Jussulmere, thence to the port of Kurrachee in Sind, whence it is shipped to Demaun. The necessity of prevailing on the Jussulmere Rajah to prevent such traffic in future, was particularly brought to the notice of Government. In consequence of this recommendation a Letter was addressed to the agent in Rajpootana, directing him to use his best endeavours to prevail on the Joudpore and Jussulmere Rajahs to prevent the transit of Opium through their dominions.

Ditto 29 Dec. 1821. No. 70.

Ditto, No. 71.

By a Despatch of the 27th October 1821, from the Political Agent in Khandeish by that of the Political Agent in Muhee Kauta, dated 10th December 1821, and by a Letter from the Resident in Cutch, of 19th March 1822, the extent of the illicit trade in Malwa Opium, and its transit *viâ* Khandeish to Jussulmere, and *viâ* Kureechee to Demaun, is again brought to the notice of Government; and a Letter from the Secretary to Bombay Government, reports the arrival at Demaun of 1,200 maunds of Patna Opium, and suggests the expediency of issuing orders to our allies in Malwa for the suppression of the illicit traffic.

Ditto, 2 Feb. 1822. No. 39.

Ditto, 15 Feb. 1822. No. 24.

Ditto, 14 June 1822. No. 53.

Ditto, 4 Oct. 1822. No. 87.

In a Resolution of the 19th September 1822, by the Governor-General in Council, the original scheme of purchasing 4,000 chests of Malwa Opium is discussed and decided on as to the best means of preventing the illicit export. It is observed that the agent ought never to buy Opium which is not likely otherwise to come

Ditto, No. 87.

Para. 6.

IV. Administration of Monopolies.

Opium.

into competition with the public sales, and that he ought never to give such a price as the private merchant could not afford to give.

With regard to the disposal of Malwa Opium thus purchased, the Governor-General in Council considered it advisable to bring the whole or a great part of it to Calcutta.

Pol. Cons. 25 Oct. 1822. No. 17.

On the 14th September of the same year, a Despatch from the Bombay Government announced that the deputy Opium agent in Malwa has secured 11,000 maunds of Opium, and expected to procure 4,000 more. The deputy Opium agent having suggested the expediency of indemnifying the native Chiefs for the losses they sustained on account of the export of Opium being prevented, the Honourable the Governor discountenanced the originating of any offer of indemnification on our part, as he considered it would be a loss of money without any equivalent benefit.

Ditto, 21 Mar. 1823, No. 100.

On the 27th February 1823, a Resolution was passed by the Governor-General in Council, by which the vesting of the Opium agency of Malwa in a Bengal civilian was proposed. The reasons for this proposition were, 1st, The necessity of the Opium agent being placed immediately under the authority of the Board of Customs, Salt and Opium; for as the purchase of Malwa Opium is intended to maintain the Opium revenue of the Presidency, the quantity to be purchased, and the terms to be offered must depend on the provision made in Behar and Benares, and on the views which the officers of the department and the mercantile community may entertain. All instructions therefore to the agent should issue from the Supreme Government, and to that Government alone he should submit every requisite information with regard to his proceedings.

Para. 2.

2d. Another reason for this proposition was the circumstance that the whole of the supplies required by the agent are raised by bills on the Bengal Province. However, before passing any final decision on the subject, the Governor General in Council requested the sentiments of the Bombay Government on the subject. Previous to the receipt of any letter from the Bombay Government in answer to the above Resolution of the Supreme Government, the Accountant-General from Bengal had brought to the notice of Government the ruinous rate of exchange at which the Opium agent in Malwa had negociated his bills on Bengal. It is stated by the Accountant-General, that as he considered the Opium agent to have been under the authority of the Bombay Government, he did not attempt to exercise any control over that gentleman's credit.

Terr^{l} Dep^{t} Cons. 12 June 1823. Nos. 54, 55.

Mr. Warden's Minute of the 30th April, recorded in the Territorial Department as per margin, detailing his sentiments with regard to the proposed measure of vesting the Opium agency of Malwa in a Bengal civilian, and of dispatching the whole or greater part of the Opium purchased in Malwa to Calcutta having been received, the Governor-General in Council proceeded to record his final resolution on the subject. The Governor-General observed that, though it had been declared in Resolution of the 12th November 1819, that the principles of a strict monopoly could no longer be followed, it was never designed to intimate that the Opium concerns were to be conducted according to the maxims of a free trade. So long therefore as the present system of a modified monopoly is continued, it appeared to be essential that the Opium business in Malwa and here, should be conducted as one concern, consequently the interference of the Supreme Government should pervade the whole system; for consistency of system is of all things important. For these reasons, the Governor-General in Council determined on confiding the office of Opium agent in Malwa to a Bengal civilian of rank and high standing, and possessed of judgment, experience and discretion.

Pol. Cons. 27 June 1823. No. 77.

Ditto, 18 July 1823. No. 43.

In a note of Mr. Secretary Mackenzie, of 10th July 1823, it is observed that, as the price of Malwa Opium depends on the price it will fetch in the Chinese market, it is obviously our interest to bring up such a supply of Malwa as will prevent a glut in the Chinese market, and enable us still to derive a fair profit from our Bengal monopoly. In order to secure such a supply of Opium as will answer these objects, and to prevent a larger quantity being thrown into the market, it will not be sufficient to enter into mere engagements with the different chiefs for the prevention of the illicit trade, but we must give them an interest in the monopoly. This may be done by purchasing the Opium in the first instance at a moderate price, and allowing the chiefs a share in our net receipts. With regard to the total quantity of Malwa Opium to be purchased, it would appear (from the best information before the Government) that 4,000 chests, each containing two factory maunds, will be a sufficient supply; and as we cannot, in order that

that the temptation to smuggling may not be too strong, and to keep out the Opium of Turkey, expect above 600 or 700 rupees profit per chest, the profit on the whole would amount to 28,00,000 rupees. If it were necessary therefore to give a moiety of this, the remainder, or fourteen lacks, would be a larger profit than we have hitherto derived from Opium bought in Malwa. We should, at the same time, preserve our Bengal monopoly.

The internal consumption should of course be provided for by us at a cheap rate.

In conclusion, Mr. Mackenzie observes, that unless we are enabled to introduce a restrictive system into Malwa, it is to be feared that the supply of Opium will be so superabundant is to render our Bengal monopoly of little value.

The deputy Opium agent having represented to Government that Opium purchased for the Honourable Company's sale, had been stopped in Sindiah's dominions by that chief's officers, and a demand of duty been made, the Government in reply, directed the deputy Opium agent to pay the accustomed duty, pending the arrangement of a Treaty on the subject with the Gwaleor Durbar. Pol. Cons. 3 Oct. 1823. No. 41.

A reference had been made by the Bombay Government (13th December 1823) to the resident at Hyderabad, requesting him to prevail on the Nizam to prevent the transit of Opium through his dominions. As the resident in reply stated his inability to propose any such measures to the Nizam's government, the Bombay government forwarded to him copies of a correspondence which had passed between Mr. Russell, the former resident, and the Nizam's minister, from which it appears that the latter had agreed to prevent the transit of Opium through the Hyderabad territories.

In the Letter of Mr. Mackenzie, of the date per margin, the arrangements entered into by the Opium agent in Malwa are approved and commended. It is stated that, as, from Mr. Swinton's Report, it appears that the moment the price fell below 60 rupees Punseeree, the agents of a Bombay house began to purchase, the connection between ultimate *parts* of destination and the province was completely established, and the prices in the latter must depend on those realizable at the former. The difference between them will be regulated by the risk, delay and expense of carriage, and it is necessary to add to these impediments as much as possible. This would be best accomplished by interesting the different chiefs in our monopoly. Ditto, 20 April 1824. No. 93. Original.

Instructions having been issued to the Resident in Rajpootana and Malwa regarding the Opium system, it was proposed by Mr. Mackenzie that similar Instructions should be addressed to the agent at Odeypore, directing him to make the best arrangement practicable with that State for the prevention of the export of the Opium. Compensation of course must be granted for any loss occasioned to the State by the prevention of the traffic. In the correspondence of the date per margin, the Political Agent at Odeypore explains the route by which Malwa Opium is conveyed to Demaun *viâ* Odeypore, Jessulmere, the mouths of the Indus, states that the compensation for which the Odeypore government might be induced to co-operate with us in preventing the export, would amount to near 50,000 rupees. This sum the Boards of Salt and Opium did not consider as too high a price for the co-operation of the Odeypore state. Ditto, 30 July 1824. No. 20. Ditto, No. 21. Ditto, 27 Aug. 1824. No. 28.

Captain Cobbe having completed a treaty with the Maha Rana of Odeypore, in October 1824, a copy of it was despatched to the Supreme Government. It consists of nine articles, by the 1st and 2d of which the Maha Rana agrees to prevent the sale and transit of Opium through his dominions. By the 3d, the compensation to be paid the Rana is fixed at 40,000 Sonah rupees. The 4th article stipulates that, in order to prevent disputes or imputation of connivance on the part of the Rana's officers, the British Agent is to have the control of all arrangements and checks necessary to the fulfilment of the treaty. Ditto, 5 April 1825. No. 54.

The 5th article provides for the supply of Opium for internal consumption by the Political Agent: 6th article provides for the confining of such Opium to the internal consumption: 7th, enacts that unlicensed Opium will be confiscated and delivered to the agent, who will pay for it the price current of Malwa: 8th. Half the value of the Opium confiscated to go to the informer: 9th. This agreement to be binding as long as the Honourable Company's restrictive measures exist.

In March 1825 the Opium agent in Malwa forwarded a proposal to the Supreme Government for supplying the districts under Madras, Nagpore and Hyderabad with Opium sufficient for the internal consumption. The agent considered 24 March. Pol. Cons. 15 April 1825. No. 91.

IV. Administration of Monopolies.

Opium.

sidered the 1,200 maunds, which was about double the quantity hitherto imported by smugglers into these districts, should be furnished by him.

The agreement concluded by Captain Cobbe with the state of Odeypore having met with the entire approbation of the Opium agent and the Board of Customs, Salt and Opium, that officer was directed to enforce the performance of the conditions of the treaty; and instructions were issued to the resident at Indore, enjoining him to conclude similar treaties with the different chiefs under his authority. The expediency of a similar agreement being entered into with the Jeypore state is also pointed out by the Board.

Pol. Cons. 26 Aug. 1825. No. 17 a. 19.

In consequence of the instructions to Mr. Wellesley, Major Caulfield, Political Agent at Kota, concluded an agreement for the term of six months with that State. The terms of the settlement were stated by Mr. Swinton to be highly satisfactory, and that gentleman considered that there would be no difficulty in renewing it, should it be approved by Government.

Ditto, 23 Sept. 1825. No. 21.

Ditto, 30 Sept. 1825. No. 85.

Ditto, 30 Dec. 1825. No. 80.

In pursuance of the system of compensation, the sum of 3,500 rupees per annum was granted to the managers of Ameer Khan's Pergunnah of Nemaherah in Meywar, in order to make up to that chieftain the amount of transit duties in Opium. In the Letter of the Secretary to Government, addressed to the Board of Opium (in reply to their Despatch announcing the temporary settlement made by Captain Caulfield with the Kotah government), it is remarked, that as the co-operation of the state of Kotah is very essential, it is much to be regretted that that state was not permanently included in the contemplated arrangements. With regard to the amount of compensation, it must be sufficient to interest the Raj Rana in our measures. By paying a fair average price for the quantity of Opium required by us, and by paying the Rajah either a certain fixed sum or a bonus on the quantity of Opium, say five rupees per punseeree, we should probably attain every object in view, even should the sum to be paid amount to one lack of rupees, the Government would not object, provided by paying this sum we should be enabled to prevent the export of the drug, and keep down the cultivation. The general plan of 1823 should be kept in view; the main object is to secure the co-operation of all the States (whose aid is necessary) in order to prevent the export of Opium to the Coast; and it should be remembered that it by no means follows that we are to give up the whole scheme because some of the detailed arrangements are inapplicable.

Another great object is to provide for the internal consumption of the countries to the north-west at the most moderate rate.

Ditto, 17 Feb. 1826. No. 87.

In the Despatch of February 1826, the necessity of giving the state of Kotah an interest in the success of the restrictive measures is again adverted to. It is essential that the quantity of Opium to be taken by us, and the price to be paid, should be fixed. The quantity should not exceed 3,000 maunds, and on that alone is a bonus to be paid, or, should the bonus be given up, a fixed rate may be given.

The amount of bonus may be raised to seven rupees per punseeree on 3,000 maunds if necessary.

Ditto, 15 Sept. 1826. No. 34.

An engagement was concluded by Captain Aloes with the Amjeerah authorities in September, by which they bound themselves to co-operate in our restrictive measures. The quantity of Opium to be purchased by us was fixed at 80 maunds, at 30 rupees per punseeree; and a bonus of 5,000 was agreed on, provided the Amjeerah authorities punctually fulfilled the conditions of the settlement.

Ditto, 9 Feb. 1827. No. 9.

In a Despatch from the resident at Delhi, dated as per margin, addressed to the Governor-General whilst absent in the Upper Provinces, is contained the first remonstrance of the Kotah government against our restrictive system. It is therein stated, that in the year 1826, 4,000 maunds, at 33 rupees per punseeree, had been agreed on; that, in consequence of our system, persons of all ranks were exposed to a search for Opium on quitting the city, the town frontiers of Kotah; that the people were in consequence discontented, and a loss of 60,000 rupees had been incurred by the Raj Rana; lastly, it is stated that the monopoly had a tendency to cramp the trade of the country, and divert capital from its natural channel.

Ditto, 9 Feb. 1827. No. 10.

In a Despatch noticed in the margin, Sir C. I. Metcalfe proceeded to record his sentiments, both on the complaints of the Kotah government and on the general question of the effects of our restrictive system on the welfare and prosperity of Central India. He expresses his conviction, that the treaties already concluded with some of the native powers in Rajpootana, were procured by an improper

improper exertion of our irresistible influence; that such measures are alike detrimental to the people, to the princes, and must ultimately be so to us; and such being the state of affairs, he recommended that we should resign our pecuniary profits, rather than forfeit our name and reputation.

The acting political agent at Kotah, (E. Gordon, esq.) in answer to a Letter from Sir C. I. Metcalfe, on the subject of Opium, states his opinion, that our attempt to secure the monopoly of Opium in Rajpootana, are held in universal horror; and "that complete success can only be attained by such a mass of evil, as must make every good and wise man shudder." Pol. Cons. 9 Feb. 1827. No. 11.

In February 1827, a further representation was made by the Kotah government, praying to be released from that part of its agreement which refers to the Sath Mahla, held in farm by the Raj Rana, from Sindia. In consequence of the complaints of the Kotah government, a Letter was addressed to the resident at Indore, under the orders of the Governor-General, requiring from him and the Opium agent conjointly, specific information with regard to the principal objections urged against the restrictive system. Ditto, 23 Feb. 1827. No. 25. Ditto, 30 March 1827. No. 9.

In the answer furnished by the Opium agent to the above queries of Government, in which Mr. Wellesley expresses his entire concurrence, it is stated: Ditto, 22 June 1827. No. 50.

1st. That no extraordinary influence was exerted or was necessary, to obtain the consent of the several states of Malwa, to our Opium arrangements; that they readily entered into them, for they saw it was their interest to do so; and that, though some, in particular Holkar's minister, Tantia Jogh, publicly expressed dissatisfaction at having signed the treaty, this was merely, as Tantiah Jogh himself intimated privately, with a view of keeping up appearances with the Soukars.

2d. That the smell of Opium is so very strong as to render any vexatious search unnecessary; and that no evil is practically experienced on that account.

3d. That previous to our pacification of Central India, little Opium was exported; that is to say, the produce previous to 1817, averaged 10,000 to 15,000 maunds, whereas in 1823, it was from 35,000 to 40,000 rupees.

4th. That the price paid by us is fair and liberal, and enables the Ryot to pay his increased rent.

5th. That the extension of poppy cultivation did not benefit the Ryot, as his rent was proportionably raised.

6th. That the Soukars alone were discontented with or injured by our arrangement.

7th. That if Jyepore and Kishengurh would co-operate with us, the export from Kotah might be stopped without that state's entering into our measures; and that it was the conviction of the possibility of this circumstance, that induced the Raj Rana of Kotah, to conclude the settlement.

8th. That the existing treaties, if fully acted up to, prevent exportation from Sindiah's territories in every direction, except by rounding Kotah to the E. I S *viâ* Kichwara and Sheopoor, into the Jyepore state. Original.

Lastly. That the alarm of Sindhia's manager at our measures, and their anxiety to be included in our arrangements, show that our measures are efficient, and that our treaties are considered fair and liberal.

In consequence of the Opium agent concurred in by the resident at Indore, instructions were issued to the latter officer approving and confirming the measures which had been entered into for the preservation of our modified monopoly, as follows:— Original. Pol. Cons. 1 June 1827. No. 99.

1st. The Treaties concluded by the resident with the states of Indore, Dhar, Amjheera, Rutlam, Silonee and Seetamow, were confirmed and sanctioned.

2d. Instructions were given to the agent in Bhopal to enter into Treaties with the states under his authority.

3d. It was left to the option of the Kotah Rana to confirm his engagement or not; but his assertion with regard to the Sath Malla formed from Sindhia, was stated to be unfounded, as the late Maha Raja Dowlut Rao Sindhia repeatedly signified his willingness to co-operate in our restrictive measures.

The sentiments of the Governor-General were also transmitted to the resident at Delhi, who was further directed to authorize the political agent at Kotah to enter into a fair and free negotiation with the Raj Rana on the subject of our modified monopoly. Ditto, 1 June 1827. No. 100.

In a Despatch of the 20th September from the political agent at Odeypore, the success of the restrictive system is mentioned, and an enlargement of his establishment for the preventive service solicited.

IV. Administration of Monopolies.

Opium.

Pol. Cons. 21 March 1828. No. 72.

The agent states that he had heard of no dissatisfaction being caused by the system; that so long as the internal consumption is fully and cheaply provided for, the Ryot will be satisfied; and that the ruler will remain contented as long as our compensation to him is fair and liberal, which it is at present. Sir C. Metcalfe, in a Minute recorded on the 10th October, decidedly objected to any further grant of establishment on account of our Opium system to the political agent at Odeypore. He declared his opinion that the exercise by the political agent of the powers of search and interference was unjustifiable, as injuriously affecting the sovereignty of the Maha Rana of Odeypore in his own dominion, and contrary to Treaty; that a revision of our Opium system in Rajpootana is most necessary, or that should the Governor-General in Council not be disposed to revise the present arrangements, a thorough inquiry be made, for the purpose of ascertaining, to satisfaction, the feelings that exist in foreign states on this subject.

Ditto, 21 March 1828. No. 73.

Mr. Bayley, in a Minute of the 28th November, expressed his opinion that the right of search and stoppage exercised by the political agent in Odeypore was justified by the Fourth Article of the Opium Treaty; that the Princes in Malwa are liberally remunerated for their concurrence in our views; and that the interests of the Ryots are not materially involved in the question. In deference, however, to Sir C. Metcalfe's decided opinion of the ruinous effect of our restrictive measures, Mr. Bayley coincided in Sir C. Metcalfe's proposition, that a full and faithful inquiry be instituted on the subject, provided the conduct of such inquiry be entrusted to a competent and unprejudiced individual.

Ditto, 21 March 1828. No. 74.

In the Minute of the Governor-General of the 1st December 1827, his Lordship expressed his disinclination to abandon our present restrictive system in Malwa, but at the same time considers it expedient that the proposed augmentation to Captain Cobbe's establishment be deferred until the inquiry proposed by Sir

Ditto, No. 75.

C. Metcalfe, and approved by Mr. Bayley, be concluded. In a subsequent Minute, Sir C. Metcalfe again urged his sentiments with regard to the pernicious effects of our Opium monopoly. He further observed, that from the new state of things which has arisen in Meywar, viz. the employment of bands of mountaineers in the forcible transport of Opium, it appeared that any restrictive measures on our part must be unavailing; and that, in his opinion, the Odeypore Rana is a sovereign Prince, the independence of whose internal rule we are bound to protect, even should the pecuniary sacrifice be as heavy as has been apprehended.

Ditto, 21 March 1828. No. 76.

Ditto, 21 March 1828. No. 78.

With reference to a Despatch of 27th January 1828, from the acting agent in Harowtee, Sir C. Metcalfe again brought the subject of our Malwa monopoly to the notice of Government, in a Minute recorded as per margin. From this Despatch, it appeared that an affray had taken place in Boondee, between the Opium smugglers and the Raja's troops, when a relation of the Raja was killed. Sir C. Metcalfe, implored the Government to revise the present system, which is so destructive of human life, and thus check the feeling of discontent and dissatisfaction, which exists in consequence of our Opium restrictions.

(signed) *G. T. Lushington.*

Part II.

In consequence of the foregoing discussions, it was determined at the commencement of Mr. Bayley's administration, to institute a full and faithful inquiry into the effects produced by our arrangements for restricting the growth and suppressing the free exportation of Malwa Opium, on the interests and feelings of the princes and people of all states affected by their operation. Circular Instruc-

Ditto, 21 March 1828. No. 79.

Ditto, 21 March 1828. No. 80.

tions were accordingly addressed to all Political Officers employed in the Malwa and Rajpootana Field, on the 21st March 1828, indicating the principal heads of inquiry, and calling upon each to state candidly and unreservedly the result of his observations and reflections on the whole question. The Bombay Government was, likewise, requested to furnish a communication of its sentiments.

Ditto, 27 June 1828. No. 48.

Ditto, 22 Aug. 1828. No. 33.

Mr. Wellesley, the President at Indore, has as yet sent no direct reply. The call was repeated on the 27th June. He stated in answer as follows: "I consider my replying to your Opium circular of the 21st March last, would only be subjecting myself and Government to a supererogatory trouble, after having already in my Despatch to you of the 16th March 1827, afforded replies conjointly with Mr. S. Swinton, the late Opium agent, to the queries of a similar tenor before addressed to me, and having expressed my sentiments on the subject

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on various other occasions of a specific and practical nature, as they arise in the progress of the concern." ..... "I felt too sensible, that to enter into disquisitions on points of dubious and speculative nature, besides taking up time which I could ill spare for such an undertaking, would be only affording matter for continued debate and controversy; tending to keep up hesitation and indecision regarding the arrangements, to the prejudice of the Company's interests, and would be better, therefore, avoided by me." This letter having been submitted to Government, Mr. Wellesley was informed on the 22d August, that the Governor-General in Council considered it to be his duty to furnish distinct and specific answers to the several heads of inquiry stated in the circular letter of the 21st March last, and desired accordingly that he would prepare and forward a reply thereto with the least further delay practicable.

Pol. Cons. 22 Aug. 1828. No. 34.

The following is the substance of the answers received.

9 July 1828.

Sir E. Colebrooke concurs entirely in the opinions expressed by his predecessor, Sir C. Metcalfe, on the Malwa Opium question. He combats in detail the statements and arguments of the Opium agent, Mr. S. Swinton, concurred in by the resident at Indore, in defence of the present system, which have already been noticed above. Sir E. Colebrooke doubts whether the acquiesence of the native Princes in our Opium treaties could in any instance be termed, properly speaking, voluntary, and considers that the right of search for what is called Contraband Opium is, in all probability, made an instrument of extortion and oppression. Admitting the export trade of Malwa Opium in any extent to be modern, and the result of our own measures for the pacification of Central India, Sir E. Colebrooke questions our right to deprive the native Princes of the benefit of the improved condition of things effected by ourselves. The price paid by us for the Opium delivered under treaty is not, in his opinion, a remunerating one, and our measures to reduce the cultivation of the poppy could only be carried into effect by a local inquisition of the most vexatious and oppressive nature. Sir E. Colebrooke is farther of opinion that our Opium arrangements must have excited discontent and suffering among the states and people of Central India, though he cannot speak from his own personal knowledge. They are also incomplete, as no treaties can be effected with Jyepore, Joudpore, and Kishengurh, or with Sindia's Government; and it is impossible to prevent the exportation of the drug in large quantities through the Bheel tracts of Odeypore and Kotah. All our precautions being thus insufficient to block up the passage even through Oudepore and Boondee, where our restrictive engagements have been accepted, and a new outlet having been found through Kishengurh and Marwar, where no restrictions exist, a question arises, whether the half measures which we are able to enforce, are worth maintaining at the risk of the dissatisfaction to which they give birth. Even if we could be satisfied that the agricultural classes have nothing to complain of in regard to the arbitrary price affixed upon the produce of their labour, and the restrictions imposed on it, and that the rulers are even benefitted by our arrangements, still the dissatisfaction of the mercantile interest, or what is called their clamor, in other words, their despair, at the prospect of losing the profits on the trade of Opium, the chief natural export of the country, must be deemed entitled to some attention. Sir E. Colebrooke concludes by suggesting that it might be more practicable and effectual to control the export of Malwa Opium by sea, by acquiring the port of Demaun, than any attempt can be to limit the cultivation and intercept the transit of the drug through the whole extent of Central India.

Off. Pol. Agent at Jyepore, 20 April 1828.

Mr. Clerk states that Jyepore is no producer, and consequently no exporter of Opium. Neither is it a consumer of the drug to any great extent. The only effect felt in that territory from our restrictive measures, was in the first instance a rise of price in the drug required for internal consumption, which was subsequently obviated by the abundant contraband importation of the Meenahs. Mr. Clerk notices that the Court of Jyepore exult and triumph in being exempt from the Opium engagements which are considered to have been enforced on neighbouring states in violation of their independence.

Pol. Agent in Ajmeer, 19 April 1828.

Mr. Cavendish observes, that none of the states under his official cognizance, have entered into Opium engagements. The rulers of Joudpore and Jesselmere, complain of the scarcity and dearness of Opium, the latter of the falling off of his transit duty. The Kishengurh Rajah, is well pleased with the arrangements, as his country has become a grand emporium for the drug. Mr. Cavendish also gives some details regarding the extensive exportation of contraband Opium from

IV. Administration of Monopolies.

Opium.

Malwa, by the Menahs of Oudeypore, Kotah and Bundu, which is either sold for money at Kishengurh, or there exchanged for goods; the Rajah of that petty principality having formerly declined to enter into a treaty with us.

Sirowey, 31 May 1828.

The territory of Sirowey is in no way affected by our Opium engagements. Captain Spiers states, however, that some of the mercantile classes who had recently returned from Malwa to their ancient homes in Sirowey, in talking of those arrangements, question their justice, and describe them as cramping all speculation in trade, and as being likely to ruin the commerce of Malwa.

Major Caulfield, 20 March 1828.

Major Caulfield is deeply impressed with dissatisfaction, engendered by the system under discussion, which is unpopular with every individual, however high or low he may stand in society. The forced reduction of the cultivation of the poppy must injure the Ryots of Malwa, as they find difficulty in substituting any other article yielding an equal profit. Opium being the staple commodity of the Kotah country in particular, the suppression of the exportation must be attended with very alarming deterioration of the revenue of the Prince, and with serious loss of profit to the merchants. The ruler of Kotah may be considered, perhaps, as receiving from the British Government a fair indemnification personally, and as a sovereign for the loss inflicted by the Treaty, though not for what he might gain, if like the celebrated regent Zalim Singh, he entered largely into commercial transactions; but in a political light he must be a great sufferer, as the present Raj Rana has incurred much odium among his subjects, by concurring in our views. The manner in which the search for smuggled Opium is conducted at Kotah, is considered by Major Caulfield to be highly offensive and oppressive to the people; and the frequent remonstrances which, to ensure the due enforcement of the whole system, our agents are obliged to address to the native governments, cannot be otherwise than painful and distressing to them. The treaties were entered into by the native Princes, on a principle of deference to the supreme power of the British Government. They consider them injurious and humiliating, and would gladly be released from them, provided they are not exposed to the consequences of other and worse measures adopted in their stead. Major Caulfield does not think that any modification of our Treaties, which he states to be as liberal as they well can be, would render them palatable to, or consistent with the interests of the states in which the poppy is cultivated. He doubts whether any great actual reduction of the poppy cultivation has been as yet effected under the system introduced in 1825, and believes that a very considerable quantity of the drug finds its way from Malwa and Rajpootana to Demaun, spite of all our restrictions, it being transported both in small quantities by separate individuals, and by large armed bands of Meenahs, who set the constituted authorities at defiance.

Lieutenant Hislop enters into a highly able and comprehensive discussion of the whole question, under six different heads. The results and conclusions at which he arrives are in substance as follow:

Between 1819 and 1825, the price of Opium varied from 21 ½ to 8 ½ rupees the seer; in 1825, they fluctuated between 8 and 10 rupees the seer. In 1825–6, when our restrictive system was introduced, the price suddenly fell to about Rupees 4 ½ the seer, in the Kotah territory, whilst in the neighbouring dominions of Sindia, it retained its former rate. The difference has gradually been lessening, but still amounts, in the average, to nearly one rupee in the seer. Lieutenant Hislop doubts, whether anything can be found in the history of Sahookaree rapacity, of which so much has been said, to equal the injury inflicted on the cultivation of the soil by this arbitrary and enormous curtailment of its natural profits. Lieutenant Hislop is also of opinion, that the price paid to the cultivator under the present system (R[s] 23 the punseeree,) is insufficient to enable him to meet the contingencies of seasons, and that he is still further injured by that article of the Treaty, which provides for the forcible reduction of the Opium culture to the extent of one-fourth, as the general state of the market for agricultural produce is not such as to afford him any other more profitable mode of employing his labour and stock.

The injurious effects of our measures on the interests of the mercantile body, cannot be questioned. The consequences of a change from a state of constant war and internal disturbance, to one of peace and tranquillity, are said to have been an excessive production, and a glut of all commodities. The increasing demand for Malwa Opium, subsequent to 1819, had brightened the hopes of the merchants

chants of Central India, but when that profitable source of traffic was closed against them by our interference, their ruin as a body became complete.

Lieutenant Hislop then proceeds to show that the Raj Rana, if his own statements are accepted, incurs an additional annual expenditure of R^s 32,801, in consequence of his Opium engagements with the British Government, or, taking the view of the subject most favourable to ourselves, his utmost gains cannot be said to exceed R^s 15,354. This pittance must form a poor compensation, indeed, for the sacrifice of feeling, both personal and political, which our arrangements occasion to the ruler of Kotah. Strong instances are adduced by Lieutenant Hislop, to show how degrading our system of searching for and seizing contraband Opium necessarily is to the Prince, and insulting and oppressive to the mass of the community, in its practical operation, although every disposition may exist on the part of the agent to exercise his interference in a spirit of mildness and forbearance.

Lieutenant Hislop denies that the states of Boondee and Kotah voluntarily entered into the Opium Treaties with us; and proves, by a reference to the Public Records, that throughout the discussions they manifested the utmost aversion to those engagements; that the Boondee authorities submitted to them only when the question was reduced to a choice between the friendship or enmity of the British Government; and that the Raj Rana, with the strongest impression of their injurious effects, had always declared that he agreed to them solely in deference to our will and pleasure.

The acting agent thinks that it is impossible to effect reduction to the extent desired, in the cultivation of Malwa Opium, without exercising a direct scrutiny and interference which the Treaty does not give us, and against which the Raj Rana would certainly remonstrate in the strongest manner. Details are submitted at length regarding the extent to which the unlicensed traffic in Opium is carried on by the N. W. route through the Oudeypore and Boondee countries, and the serious character of daring violence and enterprize which it has latterly assumed. The great and prominent defect in our measures is that they do not include much more than one half of the territory in which the poppy is grown, the whole of Sindia's extensive possessions in Malwa being exempt from their operation. Such are the nature of the intervening countries, the adventurous daring and turbulent character of some classes of their inhabitants, and the high rewards given by the Sahookars, that, with every exertion of the native governments, who receive pecuniary compensation from us, it is impossible to stop the exportation. The troops of the Boondee state have already suffered severely in their conflicts with large armed bands of smugglers; yet it is calculated that, during the last year, not less than ten or eleven thousand maunds were carried out of Malwa through the Boondee and Oudeypoor territories, whilst the quantity seized and confiscated did not exceed 600 maunds.

Deeply convinced that the just and due maintenance of our supremacy in Central India is incompatible, as well in principle as in practice, with our monopoly of Malwa Opium, Lieutenant Hislop thinks that the wisest and most politic course would be to absolve such states as may desire it from their engagements, even though the utter ruin of the Bengal monopoly should be the consequence. At the same time that this option is allowed, he conceives that a modification of the existing system might be offered for their free and willing concurrence, having for its leading objects to make the Malwa monopoly to the utmost extent beneficial to the states and people who are affected by it, and, at the same time, to maintain the value of the Company's Bengal monopoly. The first step for the accomplishment of the former object, and which at the same time would not be inconsistent with the latter, is to divide more fairly and equitably than at present, the profit drawn by the British Government from the sale of the Malwa Opium. Thus upon the quantity furnished by the Kotah government annually, that state receives only 1,62,000, whilst we take the lion's share of 5,86,920. The acting agent concludes, however, by observing that, on the whole, he feared it is not possible to strike out any modification of the existing system, by which we can secure our object of limiting the supply of Malwa Opium, and at the same time sufficiently conciliate the several interests affected by our arrangements. The cultivator wants unrestricted cultivation, the merchant perfect freedom of trade, and the ruler what will satisfy those two most important classes of his subjects, and preserve the independent authority and dignity of his government. In fact, with every one of these wants, the due enforcement of our restrictive system is quite incompatible.

IV.
Administration of Monopolies.

Opium.

Major S. formerly Head Assis[t] to Resident at Delhi, and Act[g] Agent in Meywar, dated 25 April 1828.

Major Sutherland commences with referring to a Letter which he had addressed to the resident whilst acting as political agent in Oudeypore, at the end of 1826, reporting on the complaints which had reached him from several of the inhabitants of the provinces, on the subject of our Malwa Opium arrangements. He thinks that the interests of the cultivators are less injuriously affected by our arrangements than those of either the merchants or the rulers of the states to which they extend, under the supposition that a remunerating price is given, and that no measures have been taken for directly limiting the quantity of the poppy cultivation in the province. On the other hand, there can be no doubt but that the interest of the bankers and merchants of Central India have been most injuriously affected by our measures, and they loudly complain of them. Opium is now considered the great staple commodity of these countries, and our treaties which bind their rulers to give up to us all that is produced in excess of the quantity required for home consumption, are nearly destructive of all foreign trade with other regions of India, and with those beyond the Indus. Major Sutherland considers the insolent and overbearing conduct of the spies and menials employed under the political agent in Meywar, in enforcing the restrictive system, to be one of its worst evils, and mentions an instance which had come under his own observation, of the excesses they are in the habit of committing. Neither persons nor property can pass through Meywar without undergoing a degrading and vexatious search, if such be their pleasure. That such a system is injurious to the honor and independence of the state in which it is carried on cannot be doubted. Even the Maharana of Oudeypore appeared to feel it as such, although caring little for the interests of his people, so long as he derived a profit from the compensation granted to him in lieu of transit duties formerly levied on the drug. The minister's statement left in Major Sutherland's mind the impression that the treaty with the Oudeypore government had not been negociated on terms of equality, but that the Rana's assent being required by the political agent, it was given. Major Sutherland further thinks that all our Opium treaties in Rajpootana have been submitted to from deference to the will of a superior power, and never cordially and voluntarily adopted. Those states which have kept clear of them have obtained credit in the general estimation. Another evil of no small magnitude is the difficulty which those to whom Opium is a necessary of life experience in procuring the drug, and the high price at which it is procured under the existing system. Although the search for contraband Opium has been carried to a greater extent in Oudeypore than elsewhere, yet in all quarters the inquisitorial powers with which our servants are necessarily vested, must be alike offensive to the rulers and vexatious and oppressive to the people, and consequently odious and unpopular. Notwithstanding the harassing measures pursued to check it, a considerable quantity of Opium is smuggled into countries beyond our reach, even through the Oudeypore territory. In fine, considering it quite impossible to reconcile our interests in the question with those of the other parties concerned, Major Sutherland's opinions are entirely adverse to the maintenance of the existing attempts at control and prevention.

Captain Cobbe, Pol. Agent in Meywar, or Oudeypore, 25 June 1828.

Captain Cobbe, who arranged our Opium Treaty with the Maharana of Oudeypore, is of opinion that the cultivators in that territory have been very slightly affected by our restrictive measures in any way, certainly not unfavourably. The high tax levied in Meywar on the lands appropriated to the poppy, and the low comparative estimation in which the drug produced there is held by the Rajpoots, are probably the causes, he observes, why the cultivation has always been very limited, and has never, in fact, nearly equalled the local consumption.

In considering the effects of the restrictions on the mercantile classes and general trade of the Rana's territories, Captain Cobbe enters into some detail. As far as the direct trade is only concerned, he maintains that they have not been disadvantageous; but it is obvious, he adds, that the transit trade must suffer materially, "except a barterable substitute for the drug can be found." He does not think that it would be difficult to provide such a substitute, and is of opinion that practically the restrictive system has (confining his observations to Meywar) occasioned little or no loss to the cultivating or mercantile classes, and that with a little attention on the part of the Rana's government, it may in a few years be rendered advantageous to his country.

Captain Cobbe asserts that to the Maharana personally our arrangements are certainly favourable, and that the treaty with him was entirely voluntary on his part, and approved by his son and principal officers after full and free discussion.

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The only object of interest to that prince and his advisers seemed to be to secure the largest possible amount of bonus or remuneration. Since the conclusion of the treaty, the enormous sums derived from the confiscations have unquestionably rendered it a very profitable engagement both to the Maharana and to many of the chiefs and other inhabitants, who have been successful in intercepting the illicit convoys, and consequently, so far from wishing to cancel the present agreement, both the sovereign of Odeypore and his chiefs would regard the abolition as a very severe misfortune, and anxiously deprecate it.

The route through Meywar is so direct, short, and in every way convenient, that Captain Cobbe conceives a constant and vigilant attention on the part of the British officer resident at that court will be absolutely necessary for some years to come; but he is sure that the late ruler did not, and firmly believes that the ruling prince does not, consider the mode in which that vigilance is exercised as incompatible with or encroaching on his sovereign rights. Such indeed is the want of confidence which they feel in their own kamdars and public officers, that nothing would induce the Odeypore government to take into its own hands the charge of managing the system of preventive measures. Captain Cobbe also denies that the mode of conducting the system of search and seizure is vexatious to any except those concerned in the illicit traffic. In support of this view he goes into some explanatory details.

Finally, Captain Cobbe declares his conviction that but a very small quantity of Opium has passed through Meywar, and the very heavy seizures made and daily making in that territory, combined with the enhanced price of Opium at Polee, would seem to show that the measures in force under his superintendence have been completely effectual.

Major Fielding confines his answer to some general observations on the reluctance indirectly manifested by the Durbar of Gwalior to enter into our Opium engagements, and a recommendation that we should not press the proposed Treaty on the Scindia state.

Actg Resident at Gwalior, 24 April 1828.

Captain Borthwick thinks that our Opium Treaties in Malwa have produced a certain degree of dissatisfaction, chiefly on account of their having been only partially introduced into that region. The merchants, he observes, are doubtless discontented at being excluded from all participation in the high profits yielded by the external trade in the Opium; but even to them the arrangement has not been without benefit. It has entirely put down that system of excessive and inordinate speculation, which prevailed among the Sahookars to the irretrievable ruin of many a system which had begun to pervade all their dealings, and was the cause of frequent and urgent appeals to the local political authorities from different authorities for their interference to stop it. It was not until the introduction of the Opium agent that the gambling system of the Malwa Sahookars, which had been the ruin of thousands, was put down. If our arrangements were extended to Scindia's districts, and the stipulation enjoining reduction of poppy cultivation modified, Captain Borthwick conceives that all dissatisfaction on the part both of the rulers and the cultivating class would cease, and their engagement with us would be received by them as one conferring secure and substantial benefit. The rulers in the Mahedpore circle, as it is, admit that the prices which they receive for their Opium, including the bonus and profits, is highly liberal, and dwell with satisfaction on the security and regularity of payment with regard to the cultivators; they never before received so high a price for their produce as they do now excepting for a short period immediately preceding the introduction of the present system, during which Opium was raised by excessive speculation to an unparalleled value.

Capt. B. Pol. Agent at Mahedpore, 14 May 1824.

Captain Borthwick declares, that he had not found it necessary, for the due enforcement of the stipulations of the treaties, to deviate in the slightest degree from the general principles by which the exercise of our political superintendence in Malwa has been regulated, or to exercise any minute scrutiny or rigid control, at variance with the sovereign rights of the native states. The system of prevention he considers to have been effectual in his circle, and not a single attempt has occurred in that quarter to force Opium out of the province by armed parties. The preventive system, no doubt, has its attendant evils in the encouragement which it gives to informers, but these affect chiefly the smugglers and others who act in collusion with them. The reduction of cultivation has been trifling, and ought not, he thinks, to be insisted on.

IV. Administration of Monopolies.

Opium.

Original.

Captain Borthwick states, that no means in the remotest degree compulsory, were resorted to by him to obtain the concurrence of the chiefs under his authority in our treaties. After fully explaining the strict prohibitory regulations that were in force against the transportation of Opium through our own territories, and the means we would endeavour to *obtain* to prevent its passage through those of our allies on the confines of the province, and adding such reflections on the ultimate consequences of the extravagant speculations in Opium, which prevailed at the time as those proceedings suggested, he left each and all the states and authorities concerned, to accept or decline them as they might think fit; clearly and distinctly giving them to understand, that it was optional with them to do so or not.

Capt. D. Pringle, Act^g Agent in Bhopawwe.

The opinions of this officer, coincide in substance with the foregoing statements and sentiments of Captain Borthwick. He does not consider the existing system to be oppressive, injurious or productive of general dissatisfaction; nor does he admit it to have failed in its operation. It occasions loss, however, he acknowledges, to the wealthier class of merchants, who are thereby excluded from a profitable branch of trade. He recommends the extension of the system to Sindia's districts, and is of opinion, that the native chiefs and princes within his circle are not desirous of receding from their engagements. Captain Pringle adds, that when any natives have insinuated in his presence aught against the justice of our Opium measures, he has requested them to consider for a moment the great expenditure of the British Government in Malwa, incurred entirely in maintaining the public peace, a matter in which their interests are principally concerned, compared with the insignificant amount of its receipts; and also the great benefits which have accrued to the different chiefs, by being relieved from the maintenance of the bands of foreign mercenaries whom they were obliged to support formerly, to secure their very existence, and who not only devoured the substance of their masters, but preyed also on the vitals of their subjects.

Lieut. Pasley, Act^g Agent in Saugor and Kauntal, 12 May 1828.

Only one state in this division is under Opium engagements, that of Peertaubghur. Lieutenant Pasley does not think that the agreement is looked upon favourably there, or that it is conducive to the prosperity of the Raj; but does not consider its stipulations as degrading to the Prince, or the mode of conducting the search of smuggled Opium as vexatious to the people. He is of opinion, that until Sindia enters into engagements similar to those which have been concluded with the other states of Malwa, no great advantage will ensue to the British Government from the maintenance of the present system.

Act^g Pol. Agent in Nimar, Capt. Spears.

The districts in which this officer is employed, are either British territory, or held by us under a permanent lease; and his answers do not throw any light on the general question.

Capt. Alves, Pol. Agent in Bhopal, 24 April 1828.

Captain Alves states, that in 1824, whilst employed under the orders of the resident at Indore, he concluded treaties for the restriction of cultivation, and for the future yearly supply of Opium, with the chiefs of the petty principalities of Dhae, Dewas and Anijhera. Those chiefs evinced a perfect willingness to enter into the proposed arrangements, more perhaps from a sense of the obligations they owe to the British Government, than from any particular wish for such engagements. In carrying their provisions into effect, Captain Alves had no occasion to adopt any measure which would involve the smallest sacrifice of the existing good feeling on the part both of the chiefs and their ministers towards our supremacy. He thinks that no material decrease of poppy cultivation has as yet taken place in Malwa consequent upon the new system; and that until some permanent arrangement is entered into with Sindia, no extent of internal interference and vigilance will ensure the prevention of illicit exportation.

The States under the Bhopal agency, who both furnish Opium and are bound to aid in preventing its exportation, are Bhopal itself, Rajgurth, Nursinghur and Kilcheepore. Captain Alves adverts to the measures pursued when we first appeared in the Malwa field as Opium purchasers, and states his belief that a want of system in the commencement of our operations did irremediable injury to the Company's interests, excited strong feelings against all our subsequent measures, and deprived us of that co-operative aid, which, under better management, we might have been able to secure from the people of the country. He considers that the evils which our system is believed to have created, extend chiefly to the Sahookars by diminishing their transactions, and rendering their profits small and uncertain. Some loss must be occasioned both to the Chiefs and Ryots, if a reduction of the cultivation should take place, which has not hitherto

hitherto been the case; and it seems doubtful whether in the larger states any direct measures for suppressing the growth of the poppy would be attended with success. If Opium engagements were made with the Gwalior Durbar, we should be enabled gradually to withdraw from that system of internal scrutiny, and the frequent employment of spies and emissaries, which undoubtedly constitute the most offensive part of our arrangements, and limit the use of the right of search to special occasions only, where universal and excessive smuggling might be discovered. Until Sindia's territories are included in our plan, a most extensive system of smuggling will continue to prevail, spite of all our precautions. The continuance, for any long time, of the present state of things arising out of the system now in force for the protection of our Opium monopoly, must, he conceives, be viewed by Government as full of objections; our objects are but indifferently attained by a perseverance in it; whilst it may be presumed to keep alive a feeling of irritation and anxiety in the minds of the chiefs, in whose territories our emissaries are secretly employed, and of the Sahookars, whose uncertain success in smuggling must keep their finances in a state of constant fluctuation.

Captain Alves hesitates to recommend any essential change in the present system, because he believes that much has been already effected to prevent the Opium reaching the coast in large quantities, and because our retiring from interference at this late period would not gain for the Government a just appreciation of the motives which dictated so beneficent and conciliatory a measure. He suggests, however, the gradual withdrawal from that internal scrutiny and vigilance, which places in the hands of low emissaries a power they must often abuse, and repeats his conviction that this might be done with safety, if Sindia's districts were brought within the sphere of our operations.

Captain Johnston, the assistant, in a memorandum which accompanies, declares that the treaties concluded with the above states, were entered into with the free will of all the parties, though, perhaps, they would be better satisfied to be without them. It is allowed by all that the treaties are injurious to the Sahookars. The situation of the cultivators is less effected by them, but they also are thought to suffer. The state of Bhopal has always made objections to restricting its cultivation within fixed limits. The plan of keeping establishments within the territories of other states for the seizure of smuggled Opium is necessarily offensive, and the misconduct of persons placed in situations of temptation, such as this is, cannot wholly be prevented; but these restraints cannot be dispensed with, and there is no saying to what extent smuggling might be carried if we neglected all precautions of the kind.

Capt. Johnston, formerly Ass^t at Sehore and Acts Agent.

Mr. Maddock observes, that Eastern Malwa is only the belt or termination of the Poppy District. The quantity of Opium which it produces is a very insignificant portion of the whole produce of Malwa; and this tract is only of importance to the general system, as it forms the eastern boundary of the Opium country, along which it is thought necessary to adopt prohibitory measures against the transit of the drug.

Mr. Maddock, Agent to the Gov. Gen. S. & W. Territories, 11 May 1828.

The effect of our Opium Treaties in Eastern Malwa cannot, Mr. Maddock thinks, be injurious to the Ryots in general, for he does not see how they are likely to diminish the profits they derive from the cultivation of the poppy, the high or low price of which little affects them, further than leading to more or less land being employed in that species of cultivation. This opinion is founded on the belief that the Government demand always increases according to the profits of the Ryot, and the reward of his labour will not long remain greater in one kind of employment than another. But the poppy cultivation is advantageous to a village, as it gives employment to a number of its inhabitants at a season of the year when there are no other crops to attend to; and if a large portion of the poppy fields has been thrown out of cultivation by the stipulations which chieftains have entered into to that effect, the agricultural population must have lost employment and suffered accordingly. Mr. Maddock is not aware whether the cultivation has actually been diminished under the Bhopal agency, as the chieftains in that circle have not been called upon to diminish it. He conceives, indeed, that it would be regarded as a very arbitrary and tyrannical act on the part of any of the rulers in Malwa to compel their Ryots to diminish the extent of their Opium fields, and that any vigorous attempts to curtail the cultivation and limit it to a fixed amount would be productive of general oppression and individual injury, and bring a load of odium on the British Government. Such being the case, it has always struck Mr. Maddock with surprise, that the object of restricting the

IV. Administration of Monopolies. Opium.

cultivation of Opium was made a matter of direct stipulation, and that we did not rather leave the extent of the poppy cultivation to be regulated by the same cause that increases or diminishes the production of any other article, viz. the demand for it in the surrounding markets.

The great Sahookars of the country, the former purchasers and exporters of Opium, are, perhaps, the only class who have any good ground to complain of our measures; and it is no satisfaction to them to be told in reply to their complaints, that their own speculations in Opium on an extensive scale are of recent origin. Admitting, however, that they have suffered loss, it does not follow that they have sustained injustice. In all governments, measures must occasionally be necessary for the public good, which cannot be enforced without injury to some particular class. No attempt to change the direction which the industry of a people has taken can be made without individual injury, though public benefit result from the change. In the present instance the security of an important branch of the public revenue is an object of more consideration than the profits of a few great merchants in Malwa. Our measures as above, however, must of course be unpopular, although injustice cannot fairly be charged to the British Government in their adoption.

With regard to the effects of our Malwa Opium system on the native Princes, Mr. Maddock is of opinion that, in point of revenue and profit, they have no reason to complain. He inclines to think, indeed, that we have preserved to them an extraordinary revenue, which, without our interference, they could not long have retained. Unrestricted cultivation of the poppy would in a few years have reduced the rent of the poppy fields; unrestricted exportation would have reduced the value of the drug; and the prosperity of the country, as far as it depended on the stimulus given to trade and agriculture by the opening of the roads from Malwa to the sea-coast, would have suffered a serious reverse. From this the country has been preserved by the measures of the British Government, and the cultivation of the poppy, if less extensive, is more profitable now to the Princes of the country than it would have been if we had never interfered with it. It is to be recollected also that if the British Government had pursued a different policy, as it might with perfect justice have done, and instead of entering into stipulations with the native states of Malwa for the purchase of the Opium destined for exportation, had contented itself with prohibiting the transport through places subject to its own jurisdiction, and purchasing the right of exclusion in other places, the consequences would have been more injurious than any of which they can now complain. Mr. Maddock is fully sensible, however, that the scrutiny and interference which the present system involves, and the exercise of the right of search and seizure through the medium of the lowest of our servants, are objectionable in principle, and must be offensive and injurious to the independence of the native states. Mr. Maddock did not foresee the necessity of keeping up establishments in the territories of the states subject to the Bhopal agency, to enforce the prohibition against the transit of Opium through them, at the time the Treaties were first made; and if they are necessary, he observes, it must be inferred that, however cordially the rulers of the states may have appeared to acquiesce in our plans, they are not really favourable to them.

The agent denies that our influence was unduly or unfairly exercised to obtain the concurrence of the native states of Eastern Malwa in our Opium Treaties, or that their interests, feelings and wishes were neglected or wantonly sacrificed in the negotiations. He thinks our objects in these Treaties have been so far attained that the cultivation is rather on the decrease than otherwise, and that the obstacles which have been placed in the way of exportation, have made it too difficult and precarious to be attempted to any considerable extent.

The state of Bhopal has manifested an aversion to our Treaties, arising from a peculiar source, not because they were deemed unjust, or because the terms of them were unfavourable, or the mode of enforcing them objectionable, but because their objects were mercantile. Adverting to this feeling on the part of a petty state like Bhopal, the agent takes occasion to remark, that the British Government has, perhaps, lowered its character and compromised its dignity unnecessarily, by entering direct into petty commercial contracts with the Princes of the country, when our object, perhaps, would have been equally secured through the medium of inferior agency.

Mr. Maddock adds, that the questions of justice and good faith apply, he presumes, only to our dealings with those states in whose territories the Opium is produced

produced. If the engagements they have entered into were not extorted from them, but were voluntarily contracted, are liberal on our part, and on the whole advantageous to them, he can see no injustice or bad faith in our proceedings. If Kotah, or any other inland state, wishes to be released from its Opium engagements, the point should of course be conceded, but the British Government would not, in that case, be bound to relax in its endeavours to prevent the transit of Opium through the surrounding and intervening states, to the sea coast, and thus those who stand aloof from connection with us in the Opium monopoly, would find themselves deprived of a beneficial market for their produce, and discover that the terms which we have granted are highly favourable to their interests. One of the real objections to our system, that of attempting to limit cultivation by direct interference, Mr. Maddock proposes to remedy by omitting the clause altogether in the Treaty. The other objection, that of our internal interference in enforcing the seizure of contraband Opium, he fears cannot be overcome, unless the system is radically altered, or the native rulers take more interest in its success than they appear to do at present.

Should the Government retire from the Malwa field as the great purchaser and monopolizer of Opium, Mr. Maddock thinks it might still be practicable to preserve the Bengal monopoly by obtaining the power of regulating the duties on Opium, in transit to the coast, and in the districts which produce no Opium through which it has to pass; and in that case we might impose such rates as would be a sufficient check to exports from Malwa, and annihilate the export trade in that direction altogether. He thinks that the duties in these districts might have been and might still be farmed to a British commercial agent; a principle of procedure which would not be at variance with the practice of native Governments, or calculated to give offence. If the general principle of the present system is to be adhered to, Mr. Maddock suggests in conclusion, that two modifications should be adopted; 1st, instead of the price now paid for a limited supply of Opium, viz. 30 rupees per punseeree, and 5 rupees bonus, altogether 35; the Government to receive any quantity of Opium of prescribed quality, that may be tendered at the price of 26 rupees per punseeree: 2d, instead of a bonus on the quantity of Opium supplied, and a share of the profits arising from its sale, the Company to pay a fixed sum per annum equal to whatever is now paid above 26 rupees per punseeree, to the native Prince, in consideration of his strict performance of the duty of preventing exportation. The agent conceives that by these means the poppy cultivation would most likely decrease for want of encouragement, and the sum to be paid to each native Prince would be so considerable, that if his co-operation is to be obtained by making it his interest to co-operate, his exertions might be expected to be greater than heretofore, and all that would be wanting to make the system as little objectionable as possible would at once be attained, if he took an interest in its success, and by his own exertions prevented the necessity of our employing our own agents in his jurisdiction.

Bombay Government.

No direct answer has as yet been received from the Bombay Government to the Circular Letter of the 21st March 1828; but on the 8th July, the Chief Secretary forwarded a Minute by Mr. Warden, on the subject, and stated, that the replies of the residents and political agents under that Presidency, would be forwarded as soon as received. On the 22d August, the Supreme Government requested to be favoured with a communication of the sentiments of the Governor in Council of Bombay, on the suggestions and propositions contained in Mr. Warden's Minute, and this call was repeated on the 7th of February last.

Pol. Cons. 22 August 1828. Nos. 1 & 2.

Ditto, No. 3. Since received. List of Packet, No. 39.

In the mean time instructions have been issued on the date noted in the margin, founded on a Despatch received from the acting political agent at Kotah, directing that the British agents abstain from all authoritative interference with, and from all control and scrutiny respecting the cultivation of Malwa Opium.

Ditto, 10 April 1828. Nos. 27 & 28.

Ditto, No. 26.

There is now before Government a Despatch from the resident at Delhi, enclosing one from the superintendent of Mairwarah, describing the attempts which are made to export Malwa Opium across that tract, and the effects of that employment in demoralizing the Mairs, and disorganizing the country.

Ditto, 2d June. List of Packet, No. 27.

(signed) *A. Stirling*,
Deputy Secretary to the Government.

(True Copy.)
(signed) *G. Swinton*,
Chief Sec^{y} to Government.

IV. Administration of Monopolies. Opium.

RESOLUTION of the Right Honourable the Governor-General in Council in the Political Department, under date the 19th June 1829.

—No. 49.—

THE Governor-General in Council, having taken deliberately into consideration the several Despatches received in reply to the Circular Instructions dated 21st March 1828, and subsequent correspondence, proceeds to record the following observations and resolutions on the subject of our Malwa Opium arrangements.

Although some difference of opinion exists among the authorities employed in Malwa and Rajpootana, regarding the practical effects of the Opium Treaties upon the prosperity of the country at large, and the feelings with which they are viewed by the native Princes; the general tenor of the evidence now before Government, leads irresistibly to the inference that evils of a very serious nature are inflicted by our monopoly system in Central India, on all who fall within the sphere of its operation.

It has been found altogether impracticable to enforce that part of the original scheme, which contemplated a positive reduction of the quantity of the poppy cultivation; and we have already therefore determined to abstain from any direct interference with the production of the article, and have instructed the local authorities accordingly.

Nearly all our agents concur in representing that our measures for controlling the transit and exportation of Malwa Opium, are vexatious and oppressive to the people, unpalatable and offensive to their rulers; whilst we have abundant proof of their imperfect efficacy in the continually increasing prevalence of smuggling, and the yearly augmentation of the export of the drug from Diu and Damaun to the China market. The intervention of Scindiah's scattered and extensive possessions, which it has been found impossible to include in the general arrangement, would alone defeat our hopes of preventing the escape of contraband Opium in considerable quantities from Central India. And further, the temptations to smuggling are so powerful, the pursuit of the illicit traffic is so congenial to the tastes and habits of the wild tribes and dissolute adventurers who abound in Malwa, and the public sentiment is necessarily so hostile to our monopoly, that it may reasonably be doubted whether the native states, however well disposed to co-operate, and anxious to fulfil their engagements, are strong enough to carry the system into complete effect, either with or without the constant and minute interference of our local agents. In the mean time, there is reason to fear that the repeated and desperate efforts made to pass the Opium beyond the limits of our restrictions by large armed bands of smugglers, and their open systematic defiance of the local authorities whilst engaged in the enterprize, are operating to demoralize and disorganize the country, and to revive the ferocious and turbulent habits of the Meenahs and other uncivilized tribes, in a degree which demands the most serious consideration.

It is difficult to believe that a system of monopoly unavoidably fraught with so many evils, and which, if successful, must destroy the internal trade of the country, by depriving it of the most valuable article of commerce, can really be palatable to the native rulers who have entered into Opium engagements with us, or indeed otherwise than extremely hurtful to their feelings and interests. We have ample and positive evidence, that the treaties are loudly complained of by the states of Boondee and Kotah, two of the most important members of the restrictive confederacy, who have repeatedly solicited to be released from their obligations; and whenever an option has been clearly and unequivocally allowed, as in the case of our negociations with Jyepore, Kishen Gurh and Scindiah's Government, our proposals have been uniformly rejected.

Impressed with this view of the subject, and being quite unable to devise any middle course of procedure which affords the promise of satisfactory results, his Lordship in Council, cannot avoid the conclusion, that we are bound by paramount considerations of justice and good faith, to withdraw altogether from interference with the growth and transit of Opium throughout Central India, confining our restrictions upon exportation to our own territories, and to Guzerat, Kattywar and Cutch, where the prohibition should still be maintained by the Bombay Government, as it appears from the communications of the Honourable the Governor in Council, that no injury and discontent are produced by our arrangements, which have been in force for many years in that quarter.

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His Lordship in Council resolves accordingly, that in the case of Odeypore, Boondee, and those states of Malwa and Rajpootana, where our Treaties provide merely for the prevention of the transit of Opium, they be relinquished immediately, under that article which leaves us at liberty to discontinue our Malwa Opium arrangements whenever we think proper; and that every where our establishments be withdrawn from the Interior, and the native chiefs relieved from these articles of their engagements, which prohibit independent exportation.

It will be for consideration in the General Department, whether the provisions of the existing Treaties relative to furnishing a supply of Malwa Opium, shall be kept up with any, and which of the Malwa states, supposing of course that they are willing to continue to deliver the article to us on the present terms, or any others that may be negociated, and generally what measures shall be taken under this resolution to provide for the Bombay sales, and extend the cultivation of the poppy in Behar, or elsewhere within the Honourable Company's Territories.

(signed) *G. Swinton*,
Chief Secretary to Government.

(No. 2, of 1830.)

—No. 12.—

LETTER in the Separate Department, from the Governor-General in Council in *Bengal*, to the Court of Directors.—(Dated 3 August 1830.)

HONOURABLE SIRS,

IN the present Despatch, we propose to lay before your Honourable Court a succinct Statement of the measures we have taken and propose to take with respect to the revenue we have heretofore derived from Opium, the produce of Malwa.

2. The Bombay Government will have duly reported the proceedings and resolutions adopted by them towards the commencement of the past year, and will have forwarded the Minutes of Mr. Warden and of the Honourable Governor Sir John Malcolm on the subject, the result of which was a reference to this Government made in the Political Department, urging that measures should be adopted to augment the supply of Malwa Opium provided for the Bombay sales, and for consumption within our own territory, or that of our allies on that side of India.

3. On our proceedings noted in the margin will be found an extract from the proceedings in the Political Department, dated 15th May 1829, with a Resolution founded on the representations received from Bombay for augmenting the Opium provision in Malwa.

Cons. 1829. 29 May, No. 20

4. In forwarding this Resolution to the Opium agent, we expressed our concurrence in the views of Sir J. Malcolm, so far as to think it desirable that the quantity provided for Bombay should no longer be limited; but on the contrary we desired the agent to extend his purchases as far as possible, consistently with the regulations as to price laid down in the instructions of this Government, addressed to the Board of Customs, Salt and Opium, on the 3d September 1824.

5. The demand in China we had noticed to be largely increasing, besides that the supply for local consumption was stated to be insufficient, we directed the agent's attention however to the necessity of vigilantly inquiring whether, under the name of local consumption, the article might not be carried through indirect channels for exportation by sea. In this observation we referred particularly to the large supplies required annually for Ahmedabad, which it will be seen we afterwards noticed more pointedly.

6. The next paper to which we have to draw your attention is the Resolution adopted in the Political Department on the 19th June following, for abandoning the system of restriction on the export and transit of Opium in Malwa, which was the basis of the form on which we then drew revenue from the article, viz. that of monopoly, or exclusive purchase for resale to exporters by sea. The grounds of this change of measures were in great measure political, and have been explained at length in that department. The resolution was transferred to the separate department, in which we now write, in order that it might be there determined what measures

IV. Administration of Monopolies.

Opium.

should be taken to maintain the revenue, or as much of it as was possible, under the new scheme of relations with the powers of Malwa, that would subsist after we had withdrawn from the engagement contracted for the prevention of the transit and exportation of the drug. The attempt to set restraints on the growth of the poppy had before been given up, under orders from this department; but the Opium agent had been allowed to make his contracts and arrangements for the ensuing season, on the assumption of the old system's continuance in other respects.

7. In this state of things our Secretary laid before us a note pointing out the difficulties of the position into which the concern would be brought by the sudden abandonment of the restrictive system.

8. In a Letter, dated the 6th June, the agent had recently reported the arrangements he had made to obtain a full year's provision, so as to allow a sale of 4,000 chests in Bombay, and meet the wants likewise of internal consumption. The sources of supply were, first, Treaty Opium furnished by states and chiefs at 30 rupees the punseeree, 10,063 Surat maunds; secondly, store of the preceding year in hand, about 2,000 Surat maunds; thirdly, by contracts with merchants, the agent had secured a provision of 4,550 Surat maunds, at nominal prices of 30 and 20 rupees the punseeree, but with the condition annexed of granting passes to Palee for 20 and 55 per cent. of the quantity delivered under the contracts. Of the above provision, 14,600 Surat maunds, equal to 4,000 chests of 140 pounds each, were for the Bombay sales, and the remainder to meet the consumption indents amounting in the aggregate to 2,245 Surat maunds.

S^t M^ds	-	10,063
—	-	2,000
—	-	4,550
S^t M^ds	-	16,613

Ahmedabad	1,847	-	-
Boondee	- 300	-	-
Nemoun	- 40	-	-
Dehlee	- 32	-	-
Doongurpoor	26	10	10
	2,245	10	10

9. We had to determine whether to prosecute measures to obtain the supply for Bombay under the altered state of things, and whether to continue to provide Opium for consumption in Ahmedabad and elsewhere, now that transit, and consequently purchase for the purpose would be free. But the question that most pressed was, what was to be done in respect to the contracts made with the condition of passes, and generally the footing on which the concern was to be carried on under the altered state of things produced by the abandonment of the system of restriction and monopoly.

10. The following is the substance of the instructions we addressed to the Opium agent on this important subject: "With respect, first, to the contracts made with the condition of passes, we observed that there need be no change made in granting them, until the Sahookars ceased to require them, or complained that they were not productive of the advantage expected. In either of these cases it would, we conceived, be necessary to tender some equivalent compensation, if required, or at any rate to allow the merchants the option of being absolved from their contracts. Future purchases must, of course, be made without this embarrassing condition."

11. The former restrictions in respect to transit and export of the article having been taken off, we desired the agent not to consider himself any longer under obligation to furnish Opium for consumption to any state not within the limits still protected by restrictive arrangements. Boondee, Nemaum and Doongurpoor were in this predicament. Whether Ahmedabad was also expected, must depend on the nature of the arrangements that might be made at Bombay for preventing the exit of Opium by sea, that is, on the line which it might be resolved to guard for this purpose. If Ahmedabad should fall within that line, so as not to be accessible to traffickers in the article, it would of course be necessary to provide, on requisition, a sufficiency of Opium for the internal consumption of the protected limit, but it was to be hoped that at any rate the quantity heretofore indented for on account of the consumption of Ahmedabad would admit of decrease.

12. The agent was instructed to correspond with the Government of Bombay on this as on all other questions connected with the provision and dispatch of the Opium of Malwa; and we requested the Hônourable the Governor in Council to make known to the agent his sentiments and intentions as to the future, consequent upon the resolution taken by the Governor General in Council in the Political Department, on the 19th June.

13. A question has been put in the agent's Letter, dated the 30th June, regarding the expediency of granting passes for private Opium to be conveyed to Bombay,

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in lieu of compelling the merchants to take the western route for its exportation by Demaun. On this point we observed, that under the change of system resolved on, some plan of the description indicated in this suggestion would eventually, we did not doubt, be found expedient. But no regulation for imposing a *transit duty* to be paid for the advantage of the route, could legally be enacted, we then conceived, without the delay of preparing and submitting the draft for approval in England. There were, however, other forms, in which we suggested that the Government might obtain an equivalent for the advantage of opening this route for the export of Opium the produce of Malwa, and under the resolution taken in respect to the local restrictions, we thought it highly expedient that recourse should be had to some plan calculated to secure to the merchants and capitalists of Bombay as much of the commerce as possible.

14. Two plans presented themselves to us, and we called for an early communication of the agent's sentiments as to the expediency of adopting one or both, as well as generally as to the course most proper to be followed for securing the revenue now realized, from much loss under the change of measures resolved upon.

15. The schemes which suggested themselves at that time were the following:

First.—That the Malwa agent should, at the proper season, sell by public auction passes to Bombay, with assurance of free export for a certain quantity of Malwa Opium. The proceeds to be carried to the credit of the concern, and fair intimation to be given to bidders at the Bombay sales of the number of passes so granted, and the quantity of Opium covered by them.

Secondly.—That the agent should open to the Sahookars of Malwa the privilege of having their Opium sold along with that provided by the agent at the Government sales of Bombay, on the condition that a certain proportion of the purchase-money, such as might be considered a fair equivalent for the advantage of the route, compared with the dangerous and circuitous one of the Desert, to Demaun, should be retained by Government.

16. We noticed that both these schemes presupposed the ability of the Bombay Government to oppose effectual barriers to the transit of Opium through their territory to the sea coast. The price yielded hitherto by the article at Bombay, compared with that of the Malwa purchases, showed the disadvantages arising from the existing restrictions to exceed considerably the cost price, that is, to be worth to the merchants more than half the Bombay value of the article, could they so purchase relief from them. Under the new system, the exemption would not, of course, be worth quite so much, but the passes would be thought still to have a very considerable value, and the plan of exposing them to the competition of bidders at a public sale promised to secure a nearer approximation than any other to the true equivalent advantage of the route, which was the only legitimate source of taxation and profit.

17. We directed the agent, in stating his sentiments on these projects, to include the consideration how far it would be necessary or proper to continue the annual provision of Malwa Opium by purchase on account of Government; and whether it would be advantageous to confine this to the Opium obtained under treaties, so as to avoid the collision that must ensue were the agent to be selling passes with one hand, while he was purchasing Opium with the other.

18. Major Stewart, the officiating Opium agent and resident at Indore, replied on the 26th of September to the above instructions. He stated that he had found it necessary to compound with the Sahookars for the passes agreed to be given them for quantities proportionate to their deliveries, by an advance of the contract price; and it had been settled that they should receive 45 rupees instead of 30 rupees, or 20 rupees per punseeree, for what they might deliver. On these terms the entire supply from this source had been secured.

19. He informed us that, of the Treaty Opium, there would be a deficiency of 1,500 Surat maunds from the Holkhar state, and 50 from Dhar, but the rest would be secured. Consequently, if relieved from the necessity of supplying the Ahmedabad and other demands for local consumption, which might be supplied at the price of the day by other means, there would be no disappointment in the provision for the Bombay sales, notwithstanding the change of policy determined upon. Major Stewart, however, in this and a subsequent Letter, dated 5th October,

IV. Administration of Monopolies. Opium.

reported, that although deliveries of Opium under the treaties would be made in the passing year, none could be reckoned upon in future; for all the states, except two inconsiderable ones, had given notice of their wish to cancel the engagements they had entered into in regard to Opium altogether after the close of the season.

20. Having this report of Major Stewart before us, we proceeded to determine on the course to be adopted for the management of the concern in the season; and we felt indebted to Major Stewart for much useful information and intelligent reasoning to assist our deliberations on the subject. Assuming that we should agree at once to release the states and chiefs from all existing engagements, Major Stewart had stated that there were three forms in which the concern might be prosecuted; and he discussed each with much judgment, giving the result of his inquiries and information on the various points bearing on them respectively. The plans submitted by him were the following:

1st. To negociate new treaties for securing produce.

2d. To abandon the field as purchasers, and raise a revenue by granting passports to Bombay; and,

3d. To enter the market as purchasers of the drug.

21. To this last Major Stewart gave the preference, accompanying his arguments on the subject with estimates of the profit he reckoned to secure our purchases made at various prices, from 47 rupees the punseeree to 60 rupees, and upon the assumption of a fall of price at Bombay not exceeding one-fifth, or 1,320 rupees the chest.

22. Our determination on this reference was conveyed in instructions to the following effect:

23. Approving highly of the measures that had been adopted for commuting the pass arrangement to an advance of price, we authorized the relinquishment of all existing engagements with native chiefs and powers at the close of the season; and on the three schemes proposed for the future, remarked as follows:

1st. The plan of opening fresh negociations with a view to new arrangements with the states of Malwa, on the principle of procuring Opium through the chiefs, and associating them with the measures of Government by participation in the profits obtained from the source, appeared to us open to most of the objections which had led to the abandonment of the restrictive system; we therefore dismissed it as inexpedient.

2d. The second plan, viz. that of selling passes to Bombay by the direct route, had the advantage of obtaining for that mart the whole sea export of the article, which had hitherto been participated by the less favourable ports of Diu and Demaun. The plan, too, had simplicity, promptness of realization, and other manifest practical benefits to recommend it, while it would save considerable expense in establishments, and relieve Government from the inconvenient and objectionable position in which it was placed by the necessity of raising its revenue through a commercial monopoly. We were therefore inclined strongly in favour of this scheme. Relying, however, on the agent's opinion, that Mahaguns and Sahookars would not for some time appreciate properly the value of the passes, and the importance of the privileges they would convey, we yielded to the force of the considerations which induced him at present to give a preference on the whole to the third of the plans stated, viz. that of continuing to make through the agent purchases of Malwa Opium for transmission to Bombay for sale. Major Stewart reckoned that the price to purchase would range from 47 rupees the punseeree to 60 rupees, and that 4,000 or even 6,000 chests might be procurable in the year on these terms for the supply of the sales; also, that unless the fall of price exceeded one-fifth, there would still be a revenue, assumed at the lowest at 17 lacs upon the smaller quantity mentioned. The effect of the rise of price in Malwa upon production was not taken by the agent into account, nor the consequence of the efforts still making on this side to increase the Opium provision of Behar and Benares. We informed the agent that the number of chests of Opium to be brought to sale at Calcutta in the approaching season was no less than 8,778 chests, exceeding

exceeding by more than 1,000 chests the large provision of the preceding year, and thence we saw reason to apprehend that a fall of price to the extent of one-fifth only was rather too favourable an estimate.

3d. With respect to the point adverted to in the 20th paragraph of Major Stewart's Report, viz. whether, continuing to purchase for sale for the public account, the Government should at the same time sanction the grant of a limited number of passes, for a consideration, direct to Bombay, for the purpose of securing that all the Opium of Malwa intended for China should be exported by that route, we stated that we had given to this subject the most attentive consideration, and the conclusion we had come to was, that it would be hazardous to the profit expected to be realized at the Government sales, and must interfere greatly with the agent's power of making local purchases, if this route were to be opened to private speculators simultaneously with the prosecution of the attempt to raise a revenue by purchasing and selling on account of Government.

24. Major Stewart, under our orders to consult the Bombay Government in his arrangements regarding the provision of Opium in Malwa, forwarded very properly to that Government copy of the Reports addressed to us, upon which we came to the determination above explained.

25. The Honourable the Governor in Council, having Major Stewart's Report before him, addressed to us on the 5th November last, a Report of his views as to the best way of carrying on the Malwa Opium concern, now that the restrictive system and the political arrangements for its enforcement were to be abandoned. The Governor in Council recommended the establishment of a commercial agency in Malwa, separate from the political office, for the purchase of the article in open market. The Governor in Council looked upon the advantage possessed by Government, in the direct route, as calculated to secure a profit on purchases, though made in the face of the freest and most active competition; for he doubted not his power to prevent transit of the drug to the coast, except by very circuitous routes. Some valuable information is added in respect to the charges of shipment at Demaun, which are stated at 55 rupees, merely for the protection of the Portuguese flag, and regarding the advantage that would follow any plan calculated to draw the whole of this commerce to Bombay.

26. The point, however, most urged by the Governor in Council in this Despatch is, that the separate commercial agent should be an officer appointed by, and responsible to, the Bombay Government, who should act independently under its instructions, but in concert with the political resident. Adverting at the same time to Major Stewart's Letters above referred to, the Governor in Council recommended the issue of passes conjointly with the purchases; and, to meet the wants of the Bombay market, he further requested that 2,000 chests of the Opium provided on this side of India, viz. in Behar and Benares, should be sent round to be sold at Bombay.

27. Before we had replied to this Letter from the Bombay Government, we received a second, giving cover to instructions the Governor in Council thought himself warranted, by our reference to his judgment, in issuing to Major Stewart, strongly enjoining him to grant passes immediately for as much as possible of the Opium about to be conveyed by indirect routes to Demaun, so as to ensure its conveyance to and shipment at Bombay, along with the provision made for the Government sales there. It was suggested to Major Stewart that he should fix 250 rupees as the consideration to be asked for the passports; and it was added, that the owners of the Opium should be "left subject to the customs payable to the "states through the territories of which it would have to pass."

28. We felt ourselves placed in very embarrassing circumstances by this interference of the Bombay Government, and lost no time in communicating our sentiments to that Government and to the Opium agent.

29. With respect to the appointment of a Bombay civil servant as commercial agent for the purchase of Opium in Malwa, we observed, that we did not conceive Major Stewart to have recommended any separation of the agency from the political functions with which the concern was united, on the contrary, we thought there was advantage in the union, and that a separation would be of prejudicial influence, particularly so if the purchase and arrangements for the provision and

IV. Administration of Monopolies. — Opium.

dispatch of the drug were placed under a Bombay officer, while the political duties remained as at present.

30. We doubted the necessity or expediency of any transfer of the agency on commercial grounds, and did not look on the locality of the sales as a ground for the measure, more especially under the present uncertainty as to the footing on which it was to be carried on.

31. With respect again to the project of granting passes for transport of the Demaun Opium to Bombay, so as to secure the article for the latter mart, and obtain a revenue for the advantage opened to the merchant, we admitted fully that the measure would produce both benefits, but referred the Bombay Government to our Despatch to Major Stewart, and stated our adherence to the opinion before expressed, that this plan was incompatible with that of purchasing for re-sale. We pointed out that the necessary effect must be to limit the profit on the re-sales to what might be fixed as the consideration for the passes; that it would create a local competition in Bombay, interfering with the sales, and must embarrass the purchases in Malwa, by giving every holder the option of taking the chance of the Bombay sales, if he thought the difference of price or profit likely to exceed the price of a pass. We remarked also, that if the passes were so drawn as not to give free passage to the article in the hands of private merchants, that is, if they were left subject to arbitrary impositions and delays in crossing the territory of every petty chief, the instruments would be unsaleable except at very low rates; besides which the credit of the passes would be shaken, and the habit of disregarding the Government passports would affect imperiously all future arrangements.

32. For these reasons we expressed the determination not to interfere at present with the plan we had, at Major Stewart's suggestion, adopted for the season.

33. In the mean time the Despatch addressed by the Bombay Government to Major Stewart, on the 10th November, induced that officer, though very reluctantly, upon its arrival, to assent to the scheme of issuing passes contemporaneously with the provision of Opium by purchase for re-sale in Bombay. The officiating agent accordingly issued notices inviting tenders for passes, but five days afterwards receiving our Secretary's Letter, dated the 27th October, before referred to, wherein the incompatibility of the two schemes were strongly pointed out, he recalled his notices by expresses sent in every direction, and immediately gave notice to the Bombay Government that he had done so. Major Stewart wished, however, that the privilege of granting passes to a limited extent were still left in the agent's hands, in order to facilitate his purchases through the influence they would enable him to command; such an influence, added to the advantage of early appearing in the market with ready money, being looked upon by him as the only circumstances he could rely upon for favourable purchases.

34. We expressed ourselves as highly approving the promptitude of the officiating agent's determination to withdraw his notices regarding the issue of passes, thinking that had any been issued they would have involved all the operations of the department here and at Bombay in great embarrassment, and must have produced perplexing claims of various kinds.

35. With respect to the view taken by Major Stewart, in regard to the advantage of reserving the power of granting passes as a means of influence, we stated that our opinion remained unchanged as to the inexpediency of mixing the two plans, so long as the scheme of purchasing was followed, and we had determined to give it a trial; we thought both that operation and the re-sales should be simplified as much as possible, so as to avoid mixing up with a monopoly speculation of our own the project of obtaining profit, in the form of a pass, upon the speculations of others.

36. We now have to notice three further Letters from the Bombay Government, dated respectively the 30th November and 5th and 11th December last, the first written on learning that Major Stewart had been induced to issue passports in conformity with the urgent suggestion of the Bombay Government, and stating the measures taken to invite the merchants of Bombay to apply for them to bring their Opium to that mart instead of exporting it by the indirect routes, and under the Portuguese flag, from Demaun; and the two latter reporting the steps

steps which had been taken on learning that the intention to issue passes had been relinquished, in consequence of the orders received from us by Major Stewart.

37. In replying to these Letters, we referred the Bombay Government to the opinions we had frequently before expressed, against uniting with the purchases making for re-sale any scheme allowing the capitalists of Bombay and Malwa to compete with Government as purchasers in the first instance, and again as sellers at Bombay, which we noticed must be the effect of allowing passes to be issued simultaneously with the Government sales at the latter place.

38. We added some observations on the following points, which seemed to require notice, in the correspondence and despatches of the Bombay Government; viz.

First, Whether it was advisable to issue passes for the excess quantity of Malwa Opium, now ready for export to Demaun, as a present measure adapted to the particular occasion, independently of the general adoption of the scheme of granting passes and purchasing for re-sale simultaneously?

Secondly, Had the issue of notice by the agent in Malwa, offering passes, continued, with the measures taken at Bombay to spread the information that they would be granted, created claims or occasioned losses entitling the sufferers to compensation from Government?

Thirdly, The speculators in Malwa Opium had been informed by the Governor in Council, that the Supreme Government would be urged to permit the Opium of the present season to proceed, under passes, direct to Bombay. Whether had any new claim been created thereby, or had the claims under the notice above referred to been strengthened by this further measure of the Bombay Government?

39. With respect to the first question stated above, it appeared to us that if the granting passes for a consideration, simultaneously with a continuance of purchases, were objectionable on general grounds, it could not be advisable to adopt the measure for the sake of the temporary profit it seemed to offer; for to grant passes for the surplus Opium now in Malwa, would bring the whole to Bombay, to be offered to the buyers of that sold by the Government; and as it would have the same precise advantages for shipment, it was impossible to suppose that it would not, more or less, affect the selling prices. We admitted it to be quite true, as observed in the Bombay Letter, that the price in China, and the calculation of the speculators upon the total supply of the season, including that at Demaun and elsewhere, as adequate or not to the demand there, must regulate the biddings at the public sales; but although the quantity at Demaun entered of course always into the calculation, it did not thence follow that this quantity must affect the calculation equally of the Opium at one port as at the other.

40. But a more serious objection to granting passes, was the effect the measure would have on the purchases of next year, supposing the plan of purchasing to be then continued; of course no one could be expected to sell to the agent at a price offering a profit exceeding 250 rupees, if he had the expectation of conveying the drug himself to the Bombay market, with the advantage of a Government pass for that consideration; and the fact of passes being granted in the present year, would be sufficient to inspire the hope universally, howsoever the contrary might be declared by the agent.

41. Thus the objection to granting passes was, that it was a half measure, calculated to obstruct the plan of purchase and resale, determined at the specific recommendation of the agent to be carried on for the present season, and incompatible with its continuance. We were far from deciding that the plan of granting passes as a general measure, might not be preferable to that adopted. Our own impressions were greatly in its favour, and it was our intention, we stated, to direct the agent's attention to the consideration of the question, whether it would not be desirable to adopt that scheme in the ensuing season, in relinquishment of all purchases. In that case, the passes might, we observed, be offered to sale (limited in number) in the same manner as the chests were, and the competition would show their real value; or they might be unlimited and issued at a value fixed by us. Upon the adoption, however, of any such change of system, we had not then determined, and until we had done so, we could not sanction the partial abandonment of the existing system proposed by the Governor in Council.

IV. Administration of Monopolies. — Opium.

The result of the communication opened with Major Stewart, for determining as to the best course to be pursued in future, would be made known to the Honourable the Governor in Council, as soon as any decision on the subject should be formed. In the mean time, we desired that things might be left in the train indicated in the orders and instructions of this Government.

42. With respect to the second of the points stated above, viz. The claims arising out of the publication of the notice regarding passes in Malwa and Bombay, it appeared that Major Stewart was induced to publish the notice in question, on the 23d November last, but on the 28th following, he received our orders of the 27th October, and immediately sent expresses every where to recal the notices. In like manner the Letters of the Bombay Government to the Bombay merchants, informing them of the grant of passes were dated 30th November, and on the 5th December the remedy was applied. In both cases the period for which the notice circulated was five days only; and any claims that speculators could prefer in consequence must be founded on what occurred in this short space of time.

43. In our opinion it would not be enough to allege that hopes were held out by the notice which its recall disappointed; nor that speculations were founded thereon which were subsequently abandoned. There must have been positive loss incurred through the measures of Government or of its officers, before there could be any ground or pretence for recompense. Although therefore the recal of the notices might have produced inconvenience, and was in appearance awkward and unfortunate, we were not disposed to listen to any claims preferred in consequence, except proof should be adduced at the same time that real loss was sustained thereby. We moreover requested of the Bombay Government that no claim of the kind might be decided upon affirmatively, without a previous reference to our Government, accompanied by a full statement of the circumstances.

44. With respect to the third question, viz. the effect of holding out hopes to the merchants, that through the instance of the Honourable the Governor in Council of Bombay, this Government might be induced to sanction the grant of passes in the manner proposed for the Malwa Opium of the present year, we observed as follows: having determined against issuing the passes in question, we could only express our regret that we had been unable to realize the hopes held out to the merchants by the Governor in Council. At the same time we could not recognize any claim as arising out of this additional disappointment; for of course the merchants would have known that the result was entirely dependent on the view that might be taken by us; and however reluctant this Government must always be to take any course affecting the impression entertained as to the influence and weight of the other Presidencies, we could not yield our judgment on a matter of this description, or allow the desire to maintain their credit and estimation to weigh against the views of policy by which we felt it our duty to be guided.

45. With reference to the observations in the Letter of the Bombay Government, dated 5th December last, regarding the confusion incident to the existing double control, we observed, that considering the source of the inconvenience which had been experienced in the present instance from the clashing views of the two Governments, that inconvenience could scarcely be urged as an argument in favour of a transfer of the concern to Bombay, for the difficulty would not have been felt if the agent had received his instructions solely from Bengal, which, notwithstanding the deference enjoined to the sentiments of the Honourable the Governor in Council at Bombay, in the passage cited from the Letter of this Government, dated 28th July last, it was always intended that he should do on all questions involving the principles on which the concern was to be conducted,

46. Our opinion was rather confirmed by the result of the present correspondence against the expediency of any transfer of the control of the Malwa agency to Bombay; for notwithstanding the benefit that would thus be secured from the exclusion of any double control, the consistency of principle requisite for the security of the revenue realized on this side of India would be wholly lost.

Cons. 16 December. Nos. 33 & 34.

47. Having thus disposed of the questions which arose as to the management of the Malwa Opium revenue, in the past season, it may be necessary to refer your Honourable Court to the proceedings noted in the margin; showing the extent of

of the supply provided for the sales of the year at Bombay, and for local consumption in the Bombay territory, and the causes of its falling somewhat short of the quantity promised by Major Stewart in November 1829. It will be seen, that instead of 4,000 chests for sale, and 400 maunds for consumption, only 3,600 chests on the former account, with the full supply required for the latter, were actually dispatched to Bombay. We also beg to refer you to some correspondence that passed between the officiating agent and the Bombay Government, in respect to the most advantageous route by which the article should be forwarded, and the contracts for carts for its conveyance, also the objections made at Bombay to the route proposed by the officiating agent.

48. The out-turn of the sales made of 3,502 chests of Opium of the year, exhibiting a net amount realized of 56,18,527, exclusive of 2,35,952 rupees charges (the sale proceeds being 58,54,480), will be found on the proceedings noted in the margin; and with a view to include all that has passed in relation to this subject, the further references annexed, contain the correspondence and orders passed regarding adjustments of the net profit per chest, payable to the states under treaties; we have added in the collection which accompanies this letter, a letter very recently received from Bombay, forwarding a statement from the principal collector of Ahmedabad, of the manner in which the Opium supplied to him had been disposed of, also our reply and observations thereupon. In the same collection also, will be found an extract from the Political Department, with some correspondence, showing the causes of the failure of the Kota state, to make good their quotas of the drug in the season. We now proceed to later proceedings, copy of which also accompany, being included in the collection referred to. The time having arrived when it became necessary to consider the measures to be adopted in the ensuing season, the question was brought under our notice, in a Minute by Sir Charles Metcalfe, recorded and numbered in the collection as per margin. By desire of the Governor-General, the Civil Finance Committee had given their attention to the subject, and copy of a Report of their sentiments is also annexed.

Cons.
21 Nov. 1828
Nos. 20 to 33.
6 Jan. 1829.
Nos. 9 to 14.
20 February.
Nos. 24 & 25.
12 May.
Nos. 6 to 8.
18 August.
Nos. 21 to 24
15 December
Nos. 15 to 23.
27 July 1830.
1830.
Cons. 13 July

49. From Malwa we had received no further information, in reply to the requisition to that effect addressed to the late officiating agent Major Stewart, on the 12th January last, which was occasioned by this officer's having left the office under charge of his deputy Mr. Cartwright. From the Bombay Government, the only further despatch received on the subject of the conduct of this branch of revenue, is the letter cited in the margin, whereof copy forms also number in the packet.

50. The matter having been taken up with reference to all that had occurred in the past year, and with particular advertence to the view stated by the Finance Committee, we have come to the determination to relinquish entirely the plan of purchasing for resale, and to confine the Government dealings to the grant of passes for free conveyance to Bombay for exportation. Our views on the subject are incorporated in the annexed resolution.

51. It had appeared, that notwithstanding that the officiating resident and Opium agent in Malwa, was informed as early as in May 1829, that it was the wish of the Bombay Government to increase the supply of Opium for sale as much as possible, and instructions to this effect had been issued by the Supreme Government; the officers of the department were barely able to provide for the Bombay sales as much as 3,600 chests, and of this quantity a large proportion (viz. about S^{t} M^{ds} 2,000) consisted of store remaining over from the preceding year. As the season had been favourable, and the growth abundant, the failure was to be ascribed exclusively to the resolution adopted by the Supreme Government on the 19th June of the past year, to withdraw from all measures of restriction upon the growth, transit or export of the drug on private account. The operation of this course of policy upon the year's supply, had been felt in various ways, particularly the following:

First. Major Stewart had contracted for the purchase of considerable quantities of Opium, at the usual price of thirty rupees the punseeree, with the condition attached, that passes for conveyance of quantities proportionate to the deliveries, should be granted to the contracting merchants.

52. Upon the removal of the restrictions, passes were no longer required to protect the article; and Major Stewart was obliged therefore to compound for

IV. Administration of Monopolies. Opium.

the privilege, by an addition of 15 rupees per punseeree to the contract rate. The effect, however, of removing the restrictions, produced a rise of price in Malwa, considerably exceeding 45 rupees, so that the officiating agent not only had been unable to extend his purchases as desired by the Bombay Government, but with difficulty had obtained the fulfilment of the contracts.

Second. Although only the restrictive provisions of the Opium treaties were revoked and cancelled in the past season, and the states remained under engagements to deliver their quotas of Opium at 30 rupees the punseeree, receiving the bonus and the profit on chests sold according to their deliveries, still the effect of the rise of price consequent upon the removal of restraints on the traffic and export, had been to produce short deliveries by almost every state. The native Princes or their ministers seemed to have calculated that the present gain by sale on the spot at 55 and 60 rupees the punseeree, afforded a larger profit than the bonus and the average net profit on their allotted number of chests were likely together to yield. This therefore was another cause of short provision for the Bombay sales of the past year. The resource from treaty Opium, it is to be observed, will be wholly cut off in future, as all the states have given notice of their wish to withdraw entirely from their Opium engagements after the season which has now closed, and the Government has assented to their doing so.

53. The facts above referred to seemed fully to account for the limited provision made for the Bombay sales of the season. The number of chests forwarded from Malwa, was as above stated only 3,600, whereas the information received regarding the quantity that found exit through Demaun and other places, stated the quantity at 10,000 chests, and the lowest estimate gives 9,000 chests.

54. But if a sale of 3,600 chests had been provided at Bombay in the past season, it was to be recollected that much of the article was obtained before the removal of the restrictions was known, that the agent had the benefit of contracts made before that measure was adopted, and of treaties which were not to expire until the close of the year; no such advantages would be possessed in the present season. If it were to be determined, therefore, to prosecute the scheme of buying for resale, the agent had nothing whatsoever to rely upon but the competition price and his ready money. He must enter the market as a common purchaser, and his appearance in that capacity would of itself tend further to enhance prices. The political influence and other inducements and means, through the judicious use of which the agent's bargains had heretofore been favourable, would be withdrawn with the annihilation of the treaties, and his attempt to buy, would end most probably in an increased outlay, and much smaller provision than in the past season, not to mention the effect which the competition must have in augmenting the growth and manufacture of the drug at the places of production. To complete the risks of failure under such a scheme, the purchases would have to be made in the face of a falling market in China, and with the certainty therefore of a less return at Bombay.

55. The exclusive possession of the best route for transmission to the coast, and of the best port for shipment, would doubtless, we conceive, enable the Government to realize some profit by purchases made even under these disadvantages; but the question was, whether that was the best method of turning our position in these respects to account, so long as the services of the states and authorities in Malwa, were commanded in aid of a monopoly purchase, and while restrictions and prohibitions were enforced which made it ruinous for individual merchants to compete with Government, the system of purchases was successful, and on many accounts perhaps the best; but with traffic and transit free in Malwa, the attempt to draw the article to Bombay by buying it up, appeared to be opposed to every received principle of policy, and likely to entail heavy costs and charges in the management. We were therefore unwilling to determine in favour of the plan of continuing to purchase Opium in Malwa for resale, while there was any other scheme presented for our election, affording a promise of obtaining by other means an equivalent for the advantage of the routes and port of Bombay, which are the real sources of revenue and profit.

56. The information furnished by Major Stewart in his Letters of September and October last, and the calculations also of the Finance Committee, appeared to us to afford grounds for estimating the value of the routes which Government had the

the power of opening at not less than 175 or 200 rupees. At the former rate it appeared that passes could be sold readily; and at the latter, Major Stewart in the course of the five days when he was inviting tenders at 250 rupees, received a few offers upon speculation. It was to be remarked, however, that the Bombay Government, acting on their information, had estimated the value of passes at 250 rupees; and as it was not unlikely that the Malwa speculators who made the offer to Major Stewart, did not take into account the gain of time for shipment, and the Demaun charges which would be saved by the pass, there was ground for giving faith to the estimates on which the Bombay Government relied.

57. But, however that might be, (for the determining a value for the passes was a point that must necessarily be left to the Bombay authorities,) it was made manifest by the Report of the Finance Committee that, purchasing under the disadvantage of open competition and free transit by the indirect routes at 55 rupees the punseeree, and there was a chance of the price exceeding 60 rupees, the Government could not hope hereafter for a selling price at Bombay that would yield a profit exceeding 200 rupees per chest. This, too, would be realized on the limited quantity that could be purchased at reasonable prices in the face of an open competition. If, on the other hand, the real value of the direct route to Bombay should, as supposed, exceed that sum, the whole produce of Malwa might be expected to flow through it, under the plan of issuing passes to private merchants to the benefit of the commerce of Bombay, no less than of the revenue of Government.

58. The capital annually embarked hitherto in the purchase and preparation of the drug would further be saved to Government by the change of plan, and the balances of the treasuries from which the funds had heretofore been supplied would bear proportionate reduction.

59. Thus every motive of sound policy seemed to suggest that the scheme of issuing passes for a consideration equal to the real value of the route to be opened should be substituted for that of purchasing Opium in Malwa, to be forwarded and re-sold at Bombay.

60. The Government will doubtless lose by this plan that portion of the profit heretofore realized by its sales, which was the result of speculation upon China fluctuations of price, but that was less a consideration at present than it had been heretofore, because of the certainty of the increased production causing a gradual diminution of the selling price in the ulterior markets. It had occurred at one time to us, as will have been seen in a previous part of this Despatch, that a participation in that profit also might have been secured, (besides the net equivalent for the value of the routes opened,) by limiting the number of passes issued, and selling them by auction; but on reconsideration we determined to abandon that scheme, and to confine the Government receipt to what might fairly be demanded as the equivalent for the advantage of transit and shipment offered to dealers by the new routes. As these benefits were fixed and capable of distinct valuation, the rate of duty taken for the passes conferring them ought evidently to be so too.

61. A further very important recommendation to the plan of issuing passes is, that it will enable the Government to dispense altogether, after a short time, with the establishments entertained in Malwa and at Bombay for conducting the concern in the manner hitherto followed. For the machinery by which a revenue may be realized through the grant of passes is most simple; indeed, as the stations of Chokies are already maintained, and there are Custom Houses throughout the Bombay territory through which the Opium will be regularly passed to that Presidency, and through which therefore the entire revenue may be collected, it would not seem that the addition of a single functionary to the existing establishments of that Presidency will be at all required in substitution for the agency and Godown officers to be discontinued under the abandonment of the scheme of purchase store and sale heretofore followed.

62. Influenced by the considerations above adverted to, we have resolved as follows:

First. That in lieu of the existing system for deriving a revenue on Opium, the produce of Malwa and other parts in Central India, the Bombay Government shall give notice that passes for the free transit of the article to Bombay for exportation by sea, will be granted on application to the

IV. Administration of Monopolies. — Opium.

Collector of Customs at Bombay, or to the resident and Opium agent at Indore, on payment at the rate per chest of 140 lbs. weight of R$ 200, or such other sum as the Bombay Government may fix as the fair and proper equivalent for the routes opened by the passes.

Second. That the Opium agent in Malwa shall discontinue making any purchases of Opium, and shall use his best endeavours to give effect to the scheme proposed to be substituted, concerting with the Bombay Government as to the form of pass to be issued, the period for which it is to run, and the manner in which it is to be returnable after the arrival of the Opium covered by it at Bombay.

Third. That the agent be further directed to promulgate the determination of the Government to grant passes in the manner indicated, and to explain to the merchants the facilities that will be afforded by the routes opened, as well as those of the port of Bombay, furnishing every information on the subject in his power to all that may apply for passes.

Fourth. That notice of the above change of plan be communicated to the Board of Customs, Salt and Opium, with a view to its being made known to the merchants and purchasers at the Calcutta sales.

Fifth. That the agent at Indore be directed to report weekly to the Supreme Government, the price of Opium at the principal marts in Malwa, and to furnish similar information of all passes taken out from his office; and that the Bombay Government be likewise requested to order weekly reports to be sent to this Presidency, of the passes that may be taken out at Bombay, in order to enable us to judge how the new plan works.

Sixth. That so soon as the plan shall be so far introduced as to enable the agent to determine upon its success, (and we cannot anticipate a failure, if the value of passes be properly fixed) he shall discharge superfluous establishments, and the Bombay Government will at the same time revise the establishment maintained for the custody and store of the Opium sent there for sale.

Seventh. That the revenue derived through the issue of Opium passes, be brought to account at Bombay, separately from the other items of Custom Duties, but that it be regarded as an asset of the Bombay Government; the proceeds of the sales made in the present year, as well as of any other Opium that may be in store, or that may be transmitted by the agent in Malwa for sale, will of course be carried to account as at present, in order to wind up the concern on account of this Presidency.

63. In forwarding these Resolutions to Bombay, we deemed it necessary to notice the disappointment the Honourable the Governor in Council had expressed that his views had not been more followed; and in particular, the reference made by him to the scantiness of the supply obtained at Bombay for the year's sales, as well as for local consumption.

64. After recapitulating the circumstances which had led to the smallness of the supply of the year, and explaining that they were ascribable to the changes of plan which had been determined upon, we pointed out that although having resolved to give the system of purchase and sale trial for the year, we had opposed every proposition for mixing up with that plan the project of granting passes; we had always intended at the close of the season to take up the question as a general one, and to determine on the mode of carrying on the concern hereafter, according as our information and the result of the experiment might show to be most advantageous in all respects.

65. We transmitted to Bombay copy of the Resolution, the substance of which is given above; and desired that Government to give immediate effect to it by determining a price for the passes, and arranging the details of the mode of transport, and the checks to be established with the Opium agent.

66. We remarked, that the passes being issued on the application of holders, would act as conditional exemptions from the existing prohibitory duty; consequently the equivalent taken from them could not be regarded as a new duty, so as to require a Regulation sanctioned by your Honourable Court and by the Board of Commissioners before its enforcement, as we had at one time thought might

might be necessary; and we further noticed that the Opium passed under these instruments to Bombay, would stand in the place of that heretofore carried by Government as belonging to itself, consequently the passes must confer the same privileges of free transit, and the Bombay Government must provide that there should be no obstructions or detentions by its officers beyond what was indispensible to prevent the article from being carried irregularly.

67. We desired the Governor in Council, in regulating the amount of equivalent to be demanded for the passes, to adopt the principle of assuming something less than the net difference of expense incurred on a shipment of Opium brought to Demaun, by the most favourable of the indirect routes, as compared with the cost of transit to Bombay, and shipment by the most favourable of the direct routes opened by the passes. The information we possessed, inclined us to believe 175 rupees to be the minimum duty that might be taken per chest on this principle, and 250 rupees the rate proposed heretofore by the Honourable the Governor in Council, to be the highest that would be safe to require; but, as before stated, we wished to leave this entirely to the Governor in Council, to be regulated as his enquiries might lead him to determine. Should there be good grounds we added, for believing that passes would not generally be sought at the low rate of 175 rupees, we intended still to retain the power of purchasing for resale, and we thought it might in such case be advisable to revert to that course, provided the article could be procured in Malwa at a price not exceeding 55 rupees the punseeree. To this effect instructions were issued to the agent, and it has been this necessity of waiting to see the result of the new measures ordered, that has prevented the immediate revision of the establishment of the agency. The authorities at Bombay and the agent, were instructed to guard against any combinations from parties interested in the continuance of the old system, to prevent the advantages of the new from being generally known and appreciated by the merchants, or to keep back applications for passes after promulgation of the intention to issue them.

68. Full information of the new plan upon which it was proposed to conduct the concern in Malwa, will be communicated through the Board of Customs, Salt and Opium, to all persons concerned in the Opium trade to China at this Presidency; and we informed the Bombay Government, that it was our intention to continue to encourage the extension of production of the article on this side of India.

69. We have now completed the review of our proceedings in connection with this important subject; we submit them in full confidence that the course we have determined to adopt is the best, under all circumstances, that could be followed; and trust to receive the early expression of your sentiments thereon.

We have the honour to be, &c. &c.

(signed) *W. Bentinck.*
W. B. Bayley.
C. T. Metcalfe.

Fort William,
3d August 1830.

— No. 13. —

(Separate Department.—Opium.)

(No. 3, of 1830.)

LETTER from the Governor General and Council in *Bengal*, to the Honourable the Court of Directors, &c. &c. &c.; dated the 21st September 1830.

HONOURABLE SIRS,

1. SINCE we had the honour to address your Honourable Court, on the 3d ultimo, for the purpose of explaining at length our views and proceedings in regard to the revenue we have hitherto derived from Opium, the produce of Malwa, we have received from Bombay, Copy of a Minute by the Honourable the Governor, with a memorandum annexed, containing information on the subject collected by the Revenue Commissioner of the Northern Districts of that Presidency.

2. The Governor's Minute, though dated the 6th May last, was only forwarded to us, in a Letter from the Secretary bearing date the 30th July. Had it reached

IV. Administration of Monopolies. Opium.

us in time, we should of course have considered it our duty to draw your parti cular attention to the arguments by which the Honourable Sir John Malcolm sup ports his views on this question, and endeavour to show that we determined iuju diciously in opposing the plan suggested by the Bombay Government, for combinin the issue of passes with the arrangement for continuing sales, and that a consider able loss of revenue has been the consequence. It is right that your Honourabl Court should be put early in possession of these arguments, and of our view o the questions discussed after yielding to them the consideration due to the quarte from which they have proceeded.

3. Sir J. Malcolm complains, in the first instance, of the small supply of th drug provided for the regular sales of the year, in Bombay, notwithstanding tha the expediency of an increase had been advocated early in 1829, and the Suprem Government had then concurred in the propriety of the augmentation. In th resolution passed by us on the occasion of relinquishing the system of purchas and re-sale, in other words, the monopoly farm in which we had heretofore realize revenue from this source, we particularly explained the causes of the short suppl referred to. The determination to increase the quantity of Opium provided wa taken with reference to the monopoly, and to the restrictions on transit and exporta tion by which it was enforced. Upon the change of system, this consideratio though still an ingredient of the question, was nevertheless subordinate to th determination in the first instance of the principles upon which the concern shoul be conducted after the restrictive measures by which the monopoly was supporte had been given up.

4. The officiating Opium agent in Malwa reported that notwithstanding th change of system referred to, he should be able to provide a supply for the sale of the year equal to that of the preceding season, and influenced mainly by thi circumstance, supported by the opinion expressed by the officiating agent, that th plan of purchase and re-sale might advantageously be continued, we resolved t make the experiment of leaving it in operation for the year. The result was as w have explained in our previous Letter, and as stated by Sir J. Malcolm in h Minute now forwarded, viz. that a sale supply, exceeding by 100 chests that o the preceding year, was actually provided and disposed of in the usual manne yielding a considerable profit per chest, as will presently be shown.

5. But because there was at the same time a large exportation of Opium fro Malwa by irregular channels, the supply to Demaun, amounting, according to esti mate cited, to as much as 10,000 chests, Sir John Malcolm seems to cast blam on the arrangements adopted, on two grounds: First, It appears to be his opinio that, consistently with the determination taken to augment the provision for th Bombay sales, measures should have been adopted to procure by purchase for th Government the major part of the Opium so irregularly exported. Secondly, H complains that the plan he suggested, of allowing this illicit Opium to be brough direct to Bombay under pass, was not adopted; arguing that by taking a consi deration for the passes, the Government might have secured a large addition revenue therein, besides that realized at the sales upon the year's provision, o 3,600 chests. Before discussing these points in detail, we would premise, tha we did not look upon the question which lay for our determination to be on of the expedients for the day. We had resolved upon the abandonment of th system of restriction by which the monopoly was supported, and it remaine to decide how the concern established under that system should be wound up, an what permanent scheme should be substituted. Nearly half the season passe before the change in our intentions could be duly promulgated and made know in Malwa. Indeed, the agent's arrangements for the year were already so far i progress, as to afford the assurance of a provision on monopoly terms, equal t the supply for sale of the preceding year, when we had to determine as to th best mode of winding up the concern. We conceive that we could not, in pru dence, under these circumstances, have acted otherwise than we did, and that i resolving to secure, so far as could be done under an abandonment of the restrictive system, the monopoly profit on the limited provision in question, and to defer the final arrangement of a permanent scheme till the close of the year, we consulted the true interests of the Government and of the nation. Originally we limited the purchases to 45 rupees per punseeree, the price at which the agent assured us of his ability to obtain an equal supply for the Bombay sales to that of the previous year; but subsequently, on his representing, in February of this year, that a large extra

Cons. 2d March 1830, Nos. 20 & 22. 13th April, Nos. 22 & 24.

extra supply (4,000 chests) could be obtained by an augmentation of the price to 55 rupees, we authorized the increase, making that the limit. The agent's expectation of obtaining the further provision at this rate appears, however, to have been disappointed. At 55 rupees per punseeree, the chest of 140lbs. would have cost 770 rupees in Malwa, besides the charges of establishment and transport; we cannot think it would have been prudent to have exceeded this limit for the prime cost of the article.

6. But the arguments of Sir J. Malcolm's Minute leave it to be inferred, that besides securing as much of the drug as could be secured on the terms of the old monopoly, he would have wished the Government to enter the market as a competitor for the purchase of Opium on any terms. It will have been obvious, from a perusal of the correspondence reviewed in our previous Letter, that it could only have been by out-bidding the sanguine speculators, who were drawn into this field by our change of plan, that any more of the drug could have been procured than was actually procured. If, however, yielding to the desire to increase the provision, we had authorized any such measure as a purchase without limit of terms, a rise considerably beyond the high selling price reached by the article in Malwa, which we were told was 60 rupees per punseeree, must have been the consequence; and we do not see how we could have refused the enhanced price to the contractors, with whom we might have made previous bargains, without creating amongst them dissatisfaction and an unwillingness to complete their engagements at the lower rates. At the same time purchasing high, with the prospect of reduced prices at the Bombay sales, consequent upon the increase of quantity thrown into that market, the inducement offered by participation in the net profit would have been taken away from those who furnished Opium under treaties, so that the drug would have been procured neither from them nor from contractors in the quantity stipulated, nor on any thing like the old monopoly terms. The result therefore would have been similar to what occurred previous to our interference with the management of the concern, when Opium was bought by the agent employed by the Bombay Government at prices which yielded no profit on the re-sale. On the whole, we doubt not your Honourable Court will look upon this part of the question as we do, and will be satisfied that an instruction to the Malwa agent to buy the whole produce at any price, would have amounted to a resolution to prosecute as a commercial adventure what could not longer be carried on as a revenue monopoly; we need not enter on a discussion of the impolicy of following such a course.

7. With respect to the question of passes, from the manner in which this subject is mixed up with complaints against the smallness of the sale provision, it might be supposed that the Honourable the Governor desired the passes to be given for direct transmit to Bombay, conjointly with open competition purchases of the drug in Malwa for re-sale to exporters by sea. It will however at once occur to your Honourable Court, that the passes must have been given on terms to benefit the holders of the article, and consequently to make them unwilling to sell to our agent on the same terms as before. The grant of passes must therefore, so far as they conferred such advantages, have interfered with the purchases; so that the schemes were inconsistent, and could not be combined without loss.

8. Deeming them incompatible, we looked upon the question which lay for our decision to be, which of these two plans was entitled to the preference; our decision was taken accordingly in favour of continuing the monopoly for the year, and so closing the concern. But it may be urged against the arrangements of the year, that after having secured as much of the drug as could be obtained on the monopoly terms, with a view to a re-sale of this quantity for the sake of the monopoly profit, the Government might, besides this profit, have obtained a further profit by licensing or granting passes for the remainder of the Opium produced, but not procurable on its terms. The argument in favour of this scheme, is that the Opium in question was and will always be exported in spite of the Government endeavour to prevent it. The exportation being made subject to charges to the smuggler or to the Demaun authorities, to the extent of which charges the Government might have secured a revenue.

9. As a general question we have fully admitted this principle, and our resolution to relinquish purchasing for re-sale from this year forward is founded entirely thereon; but we are at issue with the Bombay Government in the conclusion

IV. Administration of Monopolies. Opium.

clusion that the same revenue we propose hereafter to seek and to be content with, as a consideration for passes direct to Bombay for the whole Opium produce of Malwa, could have been obtained in the past season on the quantity exported to Demaun, without affecting injuriously the profit we hoped to obtain, and did obtain, on the monopoly supply of the Bombay sales.

10. Sir John Malcolm remarks on the difference of the average price at the last Bombay sales of the present year (Rs 1,143. 2. 7.) as compared with the selling price of the preceding year (Rs 1,671. 3.) The defalcation he attributes mainly to the increased supplies which found their way to Demaun. We are far from denying that this necessary consequence of our removal of the restrictions on transit and exportation from Malwa will have been a main cause of the fall of price by which the Government was deprived of so much of the usual monopoly profit per chest, but we are not prepared to admit that if passes had been granted, allowing the 10,000 chests said to have been exported through Demaun to be brought direct to Bombay, the Government could equally have reckoned on securing that portion of the monopoly profit which was included in the price realized on our 3,600 chests.

11. We do not look upon it as the same thing in the effect it would have had on prices at Bombay, whether the 10,000 chests were carried by the circuitous obstructed routes through which, after much detention and frequent change of conveyance, it finally proceeded to China, or were brought by the direct route to Bombay, under passes which would have insured the whole arriving contemporaneously with the supplies for the Government sales, to be offered there in direct competition with the Government Opium, and with equal facilities for conveyance to China. We were of opinion when the matter was submitted to us, and have yet seen no reason to adopt a different conclusion, that to have allowed the Opium of Malwa to proceed to Bombay under passes, on account of individuals, would have been to have set an unnecessary limit on our monopoly profit on the year's provision, through the immediate effect of this measure on the Bombay sales; besides which we thought it must interfere with our means of making that provision, even in the current year, by its effect on Malwa prices, and on the contractors' and state's deliveries, under the arrangements made. It is certain, too, that our future operations would have been embarrassed by the premature resolution to adopt partially a scheme inconsistent with that on which we were still acting, and which we might be desirous of continuing. Had we been convinced that the entire quantity of Opium alleged to have been conveyed through Demaun for exportation might, by early arrangements of a different kind from those adopted, have been brought to Bombay under passes, we should of course have weighed well the advantage to be derived upon the grant of these licenses against the profit expected from the limited quantity that could be provided for sale, and according as the calculation might have shown the larger revenue so would our measure have been taken. We are willing to be judged by this criterion in respect to the course adopted, and our resolutions for the future are based on the same principle of decision.

Cons. 7th Nov. 1830, No. 25 to 28.

12. We have very recently received the Opium agent's estimate of the net profit actually realized at the year's sales, and a copy will be found annexed as a number in the collection of papers attached to this Letter. The statement, which is founded on the real charges, and needs only final adjustment to become the actual account of the year, shows a profit of H. R. 21, 87, 219. on 3,650 chests sold, the difference of number being occasioned by an over-weight in the chests dispatched from Malwa. The total cost per chest will be seen to be stated at H. R. 608. 12. and the profit is estimated at H. R. 599. 3. 9. Now we should submit that if passes had been granted for private Opium at the reduced price of 250 rupees per chest, a profit of near H. R. 600 upon re-sale of our own supply could scarcely have been expected; and if, through increased difficulty of purchasing in Malwa, on one hand, and competition on the other, to injure the sales in Bombay, the profit had been brought to nearly the rate of the passes, your Honourable Court will be able to calculate the extent to which it would have been necessary for the measure proposed by Sir John Malcolm to have been successful in order to save us from loss on the year's operations.

13. The Honourable Governor dwells in his Minute on the advantage that might be expected from a transfer of the entire management of the Malwa Opium concern

concern to Bombay, on the ground of the superior acquaintance with the state of the markets, the available capital and views of speculators, and other commercial considerations necessarily possessed by the Government and officers of that Presidency. We are quite sensible that from proximity to the place of production, and from the circumstance that the outlet for exportation is on that side of India for the Opium of Malwa, the Bombay authorities have all these advantages. Nevertheless, while the concern was conducted as a monopoly, and as part of a system based upon the arrangements and resources of this Presideney, we should not have willingly seen it transferred, to be managed according to views and principles liable sometimes to be opposed to our own arrangements on this side of India, and the control of which could only have been exercised after the mischief, if any were to result from such incongruities of view, had been actually done.

14. At the same time we have no desire to retain in our own hands any concern that can be as well managed by other agency; on the contrary, it is our study to relieve ourselves as much as possible from the mass of business and of references by which we feel that the Supreme Government is at present overwhelmed. We have accordingly left the Bombay Government to arrange the details of the pass system with the Opium agent, and if that plan can be acted upon with success, it is not our intention to interfere with the execution of the project. If it should fail, it will be our duty to consider again whether the monopoly shall be re-established under the partial restrictions which, through the command of the principal routes and best ports for exportation we possess on that side of India, or any other scheme shall be attempted in stead. The determination of this we shall be obliged to take upon ourselves, as connected with the general administration of the affairs and resources of your Indian empire.

15. We are taking measures for extending the cultivation of the poppy, with a view to a large increase in the supply of Opium to be offered for sale at this Presidency. Our proceedings for this purpose will be reported hereafter. In the mean time we look upon the difficulties which threaten this resource through the removal of the restrictions in Central India, and from which the restrictive system was not exempt, for during its existence the exportation from Demaun to China was continually increasing, to merit the watchful care of Government; for the final effect of an increase beyond assignable limit in the quantity of this drug exported to China from both sides of India, is a result beyond the power of our foresight to discover, or even to hazard at present any speculation upon.

16. We take this opportunity to correct an omission and error in our last Despatch on this subject. We stated, that Major Stewart had not replied to our Letter, dated 12th January, calling upon him to state his opinion as to the course to be followed in succeeding years. His sentiments are conveyed in two Despatches recorded as noted in the margin. These letters, however, having arrived while the Governor General and Secretary of the Department were temporarily absent from the Presidency, did not fall under their perusal, and being omitted to be included in the collection of papers made for preparation of our final Resolution on the subject, and of the letter to your Honourable Court reporting thereon, it was erroneously concluded by the Secretary, that no replies had been received, and the accuracy of his statement was not doubted. The error has been pointed out in a Despatch from the Opium agent in Malwa, just received in reply to the instructions addressed to him in regard to the new system. A copy of his Letter and of our reply, is included in the collection appended, in order to put your Honourable Court in possession of our latest information on this important subject.

Cons. 2d March 1830, No. 20 & 22.

Cons. 15th Sept. 1830, No. 29 & 31.

We have the honour to be, &c. &c.

(signed) *W. C. Bentinck.*
W. B. Bayley.
C. T. Metcalfe.

Fort William, 21st September 1830.

—No. 14.—

IV. Administration of Monopolies. — Opium.

EXTRACT LETTER, in the Separate Department, from the Governor General in Council in *Bengal*, to the Court of Directors; dated 27th July 1830.

130. THE Board of Customs, Salt and Opium, reported the quantity of Behar and Benares Opium, available for the sales of the year 1828. The total supply being 7,837 chests, the Board proposed to reserve 128 for Abkaree and other purposes, and to sell the remaining 7,709 chests under the same stipulations as were adopted in 1826–27.

— No. 15.—

EXTRACT LETTER, in the Separate Department, from the Governor General in Council in *Bengal*, to the Court of Directors; dated 31st August 1830.

264. IN a subsequent Letter, the Board reported the quantity of Opium available in 1828-29, and submitted the draft of notification for publication.

265. Although the quantity of Opium proposed to be advertised, 8,778 chests, exceeded by more than 1,000 chests the provision of 1827-28, yet we thought with the Board that, in the present circumstances of the department, it would not be expedient to withhold any of the year's provision from the sales.

S A L T.

—No. 16.—

EXTRACT LETTER, in the Separate Department, from the Court of Directors, to the Governor General in Council in *Bengal*; dated 9th November 1814.

Letter from the Governor-General in Council to the Court of Directors, dated 5th February 1812.
(21) Revenue derived from Salt in 1810/11, Paras. 42 and 43 of Letter dated the 8th February 1813, and Paras. 2 to 4 of Letter dated the 7th December 1813, in continuation.

Para. 11. THE Annual Reports of the Board of Trade on the Salt Concerns of 1810/11, 1811/12 and 1812/13, exhibit the following results:—

Quantity of Salt provided in	Maunds.		Prime Cost. per 100 Maunds. R' a. p.
1810/11 - -	34,44,530	- - -	75 14 1
1811/12 - -	32,66,940	- - -	78 7 2
1812/13 - -	40,56,113	- - -	84 14 6

Bengal Salt sold in		Foreign and confiscated Salt sold. Maunds.	Total sold. Maunds.
1810/11 - -	34,57,485	10,61,718	45,19,203
1811/12 - -	32,82,751	9,65,455	42,48,206
1812/13 - -	42,26,881	5,08,198	47,35,079

Selling Price of Bengal Salt in	Per 100 Maunds. R' a. p.	Of Foreign and confiscated Salt. Per 100 Maunds. R' a. p.	Average of both. Per 100 Maunds. R' a. p.
1810/11 - -	353 2 11	281 12 6	336 10 -
1811/12 - -	371 4 6	283 11 10	351 12 4
1812/13 - -	337 5 -	288 3 8	332 - 8

Net Profit on the Salt Sales in

1810/11 - - - -	R' 1,13,41,684
1811/12 - - - -	1,12,67,489
1812/13 - - - -	1,14,40,202

12. It

12. It appears from the foregoing abstract statements, that, in the year 1812-13 there was a great increase in the provision of Bengal Salt; that the prime cost of that species of Salt experienced a considerable augmentation in the same year; and that, though the sale-price was unusually low, the net profit to the Company on the sales exceeded the profit of any former years since the establishment of the monopoly, with the exception of the years 1803-4, 1807-8, and 1808-9.

13. We sanction the commission which you have authorized to be paid to the agents, on account of the three years, 1810-11, 1811-12, and 1812-13 respectively.

14. Adverting to the voluminous Reports which are annually submitted by the Board of Trade, on the transactions in the Salt department, we concur in the opinion expressed in paragraph 3 of your Letter dated the 7th December 1813, that extracts from the correspondence so copious as those usually contained in these communications are unnecessary, and that more general Reports, accompanied with references to their recorded proceedings, would be equally satisfactory, care being taken that every thing of importance shall be brought into view, although in the most concise manner. Without entering, therefore, in this place, into an examination of all the details of the Reports now before us, and the most important of which we shall have an opportunity of noticing in reply to the sequel of your Letter, we shall confine our remarks to the measures which have been adopted for augmenting the provision of Bengal Salt.

15. The difficulty which had been experienced, and the expense which had been incurred in the years 1810 and 1811, in procuring a supply of Salt from the Coast of Coromandel, to make up for the deficiency in the produce of Bengal, together with the disappointment and inconvenience which resulted from a deficient supply of that article, notwithstanding the various encouragements that were held forth to foreign importers, indicated the expediency of devising some means of promoting the extension of the home-manufacture. For this purpose, you resolved on increasing the price paid to the Molunghees on all Salt delivered by them beyond the quantity stipulated in their contracts, or beyond the quantity which they had been in the habit of delivering, on the average of a given series of years. The price paid to the Molunghees in the Bullooah Purgunnah, (where the experiment was first made,) for all the Salt delivered by them beyond the average produce of the agency, for the previous ten years, was one rupee per maund; and a similar plan, under various modifications, was afterwards introduced into the other agencies.

16. A measure of this sort had the recommendation of being likely to secure a steady supply to the market, and to impose a check upon smuggling, by securing to the Molunghee a legitimate price for his surplus Salt, equivalent to the highest price given by the smuggler, and equivalent also to the amount of reward payable by Government for information of illicit hoards of that article. It probably did not escape consideration, too, that when, as in 1811-12, Bengal Salt sold for R^{s} 371, while Coast Salt sold for only R^{s} 283 per 100 maunds, a considerable addition might be made to the price paid to the Molunghees; and that the profit on the home-manufactured would still greatly exceed the profit on imported Salt.

17. That the encouragement thus held out has had the effect of increasing the provision of home-manufactured Salt, is evident from the documents before us; and we doubt not that it has tended to the suppression of smuggling; but we are far from being persuaded that it has augmented the revenue so much as the bounty would have done, had it either been less generally applied, or graduated on a more moderate scale.

18. In the Tumlook agency, it appears the increased price of labour and fuel urgently required some addition to be made to the price paid to the Molunghees; whereas the agent for Hidgellee declared, in his Letter dated the 6th January 1812, the extension of the encouragement to that agency to be neither necessary nor expedient. The Board of Trade, however, having suggested to the agent that the Molunghees of his division, on finding that an additional price for surplus Salt had been granted to the Molunghees of the neighbouring agency of Tumlook, might be desirous of sharing in a similar indulgence, the plan was (improperly, in our opinion) introduced, merely on that ground, into the Hidgellee agency. The measure might be necessary in one agency, and altogether unnecessary in another differently circumstanced; and, at all events, it would have been time enough to have granted the indulgence when it was asked.

IV. Administration of Monopolies. Salt.

19. Supposing, however, the expediency admitted, of a general increase of price to the Molunghees of the different agencies, the allowance of one rupee per maund, for the surplus Salt delivered beyond the amount stipulated in their contracts, or of the average deliveries of past years, seems to have been excessive. Of this, indeed, we have a partial acknowledgment in para. 14 of your Letter, in this Department, dated the 25th September 1813, where it is stated that you had required the Board of Trade "to report upon the success which had attended the foregoing plan, and likewise on the expediency of limiting the payments on that account, as, in the past season, the charges had proved very heavy, particularly in the 24 pergunnahs;" and the fact is still more explicitly admitted in the 28th paragraph of your Letter, dated the 2d October 1813, where you observe, on the authority of the Report of the Board of Trade, "that the quantity of Salt on hand exceeded the supply required to answer the periodical sales of the current year by nineteen lacks of maunds; and that, considering the embarrassment to the public funds, and likewise the increase to the public expenditure, which was likely to be experienced from so large an over-supply of this article, and which would, probably, be still further augmented, if the present system for the provision of Salt continued to be pursued, you had directed the attention of the Board, not only to the expediency of reducing the annual importations from the Coast, but also to that of adopting means to limit the provision of Salt in the respective agencies, and particularly in the district of Cuttack."

20. Not only is the charge which has thus been unnecessarily incurred, matter of serious regret, but the excessive increase, and subsequent reduction, of the bounty granted to the Molunghees is calculated, we fear, to occasion fluctuations in the Salt supplies very unfavourable to the interests of Government.

21. Since the preceding paragraphs were written, we have received your separate Letter in this Department, dated the 5th February 1814; and though you will perceive, from the tenor of the foregoing remarks, that we were prepared for a modification of the plan introduced in 1812, for augmenting the Salt provision, we own that we had not anticipated a complete abandonment of the system, as now announced to us, and that we were by no means aware of the vast expense attending it.

22. We learn from paras. 28 to 37 of the Letter referred to, that the arrangement by which an additional price was paid to the Molunghees for the surplus Salt, had so far increased the produce of the Bengal and Cuttack agencies beyond the quantity required to answer the annual Salt sales, that the balance of Salt likely to remain in store at the close of the year 1813 or 1219, Salt-style, amounted to maunds 26,15,721; that in order to prevent further accumulation, and at the same time to reduce the existing balance in store, you had ordered the quantity to be produced in 1220, to be limited to maunds 37,72,000, and the quantity to be exposed to sale in the same year, to be augmented to maunds 47,00,000; that, with the same view, you had suspended your former orders for the extension of the monopoly to the Southern Division of the Province of Cuttack; that you had directed the entire abolition of the surplus-plan; and that, as a compensation to the Molunghees for their disappointment, you had sanctioned the distribution of a sum of money among that description of persons in the agencies of Hidgellee, Tumlook, Bullooah, and Chittagong, amounting, in the aggregate, to sicca rupees, seventy-five thousand one hundred and eighty-two (75,182.)

23. These sudden changes of measures cannot fail to be productive of very bad effects upon the interests of the public, and of the class of persons employed in the Salt manufacture. Your statement, that a reduction had been effected in the estimated expense of providing Salt, in the year 1814, at the four Bengal agencies, amounting to sicca rupees eight lacs, sixty-one thousand seven hundred and seventy-two. (8,61,772,) justifies the inference that a very large sum had been unnecessarily expended on the provision of 1813. This expenditure, indeed, must have been positively pernicious, as well as unnecessary and wasteful, because it had an obvious tendency to allure people from other employments, to engage in the Salt manufacture, who, after the encouragement was withdrawn, would, probably, find it difficult to resume the occupations which they were thus tempted to desert.

24. We are also apprehensive, that the simultaneous resumption of the encouragements to the manufacture of Bengal Salt, and to the importation of Coast Salt,

Salt, may occasion a future deficiency of supply, in some degree proportioned to the redundant supply which was produced by the combined operation of these encouragements.

25. In the whole of these proceedings we have been concerned to observe a want of foresight, united with an unfortunate tendency to go from one extreme to another; and we are sorry to add, that a derangement of the course of public industry seems to be the only result of a very expensive experiment in the management of our Salt concerns.

— No. 17. —

EXTRACT LETTER, in the Separate Department, from the Secret Committee of the Honourable Court of Directors, to the Governor-General in Council at *Fort William*, in *Bengal*; dated 10th May 1816.

Para. 10. Under the 53d George III. chapter 155, section 6, *Salt* may be legally exported from this country to India, and as any of His Majesty's subjects proceeding in ships navigated according to law upon a voyage to the East Indies, are permitted by the 54th George III. chapter 34, to touch and trade at the Cape de Verd Islands, where Salt may be procured at a very low price, we think it necessary to instruct you to take immediate measures for the protection of our Salt revenue. With this view we direct that you will lose no time in preparing and transmitting home for our sanction, a regulation imposing such a rate Duty on the *importation of all foreign Salt* as shall have the effect of securing the revenue derived from that article, by which regulation it should be provided that the merchants shall be at liberty to deposit such Salt in the warehouses of the Government, previously to the payment of the duty, but that no such Salt shall be removed from thence until the duty be paid.

11. We desire that in framing both the Opium and Salt regulations you will consult with your law officers, with the view of preventing any legal difficulties, in the way of their obtaining the sanction of the authorities in this country.

12. We fully rely on your active and zealous co-operation on an occasion where the public interests are so deeply concerned, and trust that you will lose no time in carrying our directions into effect.

— No. 18. —

EXTRACT LETTER, in the Separate Department, from the Governor-General and Council in *Bengal*, to the Honourable the Secret Committee of the Court of Directors, &c. &c. &c.; dated 11th October 1816.

Para. 1. We have the honour to acknowledge the receipt of your Despatch under date the 10th May last, communicating your sentiments on the means possessed by the Honourable Company and their several Indian Governments of guarding the revenue derived from the exclusive manufacture and sale of Salt and Opium; and conveying your directions that we should prepare and transmit to you regulations imposing such duty on the importation of foreign Salt and Opium, as shall have the effect of securing the revenue derived from those articles.

24. With respect to *Salt*, no regulation, we believe, will be required, either at Prince of Wales Island or Fort Marlbro'.

25. How far the different circumstances under which a revenue is drawn from Salt at Madras and Bombay may render necessary, in the rules framed at those Presidencies respectively, some deviation from the draft now framed by us, the Governments of those Presidencies will, of course, best be able to judge; and we do not conceive that any material advantage would result from a reference to this Government on account of variations arising from such a cause.

— No. 19.—

EXTRACT LETTER, in the Separate Department, from the Court to the Governor-General in Council in *Bengal*; dated 24th October 1817.

Letter from the Governor-General in Council to the Court of Directors, dated 7th October 1815.
(75 to 81) Salt Accounts for 1220 S. S., or 1814/15.

Para 27. The Salt Accounts for 1814/15 exhibit a much more unfavourable view of this important branch of our revenue than any which have been brought before us since 1806/7. The net profit on the Salt sales of 1814/15 is stated at R^{s}1,01,87,667, being less than the net profit in the year immediately preceding by R^{s}20,08,417, and less than the average net profit of the seven preceding years by R^{s}14,52,696. This decrease of profit is attributed to three causes: 1st, To an increase in the cost and charges of the Salt provided; 2dly, To a diminution of the quantity sold; and, 3dly, To the reduced prices obtained at the public sales.

28. The Board of Trade state in their Report of the 12th September 1815, that there was an increase of R^{s}3. 3. 11. per 100 maunds in the cost and charges of the Salt sold in 1220,* (1814/15) occasioned by the establishment having been borne by a smaller quantity of Salt in that year than in the year immediately preceding, and by the donation† which was granted to the Mulunghees on account of the abolition of the surplus system, The provision of Bengal Salt in 1220‡ having been Maunds 11,00,177 less than the provision in 1219; and some of the items of charge in the Salt Department, such as callary rents, Zemindar's moshaira and Salt-office charges being the same or nearly the same every year, whatever may be the quantity of Salt manufactured, they of course fall more heavily upon a smaller than upon a larger provision. We should, however, have expected that this circumstance would have been at least counterbalanced by the cessation of the heavy expense attendant on the surplus system.

* Cost per 100 Maunds of 82 Sicca weight

1219	Rupees,	87	2 7
1220		90	6 6
More in 1220,		3	3 11

† R^{s} 75,182.

‡ Provision of Bengal Salt in

1219	M^{ds}	48,69,227
1220		37,69,050
Less in 1220 M^{ds},		11,00,177

29. The reduction of maunds 6,02,276§ in the quantity of Salt sold in 1220; and the simultaneous fall in price of R^{s}17. 3. 1.‖ per 100 maunds cannot, we apprehend, be satisfactorily accounted for otherwise than by the prevalence of smuggling, which the proceedings noticed in a preceding part of this Despatch establish, beyond a doubt, to have been carried on to a great extent in Behar.

§ Quantity of Salt sold in

1219	M^{ds}	51,50,673
1220		45,48,397
Less in 1220, M^{ds}		6,02,276

‖ Selling Price per 100 M^{ds} in

1219	R^{s}	324	5
1220		306	13 4
Less in 1220, R^{s}		17	3 1

30. The circumstance of there being no outstanding balances in the agencies of Tumlook, Hidgellee, and Bullooah and Chittagong, on account of the manufacture of 1220, is creditable to the agents in those divisions.

31. You will report to us the result of the measures which the agent in the 24 pergunnahs was instructed to take for the recovery of the heavy balance of R^{s}34,668, reported to be outstanding in that division, and for the detection of the embezzlements of which the native servants were suspected.

32. The defalcation in the Salt revenue for several years past has been to us matter of the most serious regret; and though we have learned, from recent advices, that the sales in 1815/16 were more productive than those of the preceding year, we cannot too earnestly recommend to your attention such measures as may appear most conducive to the restoration and improvement of this branch of the public resources. It certainly ought, under proper management, to advance with the growing population and prosperity of the country; and, as we have formerly had occasion to remark, we should, on every ground, greatly prefer a moderate profit on a large sale, to a higher profit upon a small one. We are aware that as long as the Company continue to draw a large revenue from this article, the temptation to smuggle will continue to operate; but the temptation will be less powerful when the market is liberally supplied at a moderate price, than when it is sparingly fed, and the prices are exorbitant. We take this occasion most strongly to impress upon you, that nothing is further from our wish than that the population of the country should be subjected to the alternative of paying extravagantly for one of the essential necessaries of life, or for procuring it by clandestine and illegal means.

— No. 20. —

EXTRACT LETTER, in the Separate Department, from the Court of Directors, to the Governor-General in Council in *Bengal*; dated 8th August 1821.

Letter from the Governor-General in Council, to the Court of Directors, dated 28th February 1817.
Letter 28th February 1827—Paras. 16 to 37.
Letter 4th July 1816—Paras. 11 to 13 and 39 to 44.
Letter 19th September 1817—Whole.
Letter 24th October 1817—Paras. 4 to 27.
Letter 17th July 1818—Paras. 47 to 59.
Letter 30th July 1819—Paras. 40 to 48 and 79 to 87.
Proceedings relating generally to the provision of Salt for the Calcutta sales, and to what extent it may be necessary to carry the manufacture of the Bengal and Cuttack agencies, and the importations from the Coast of Coromandel.

Para. 11. In our Despatch of 9th November 1814, we remarked on the tendency to go from one extreme to another in your proceedings relative to the provision of Salt, and expressed our apprehension that the simultaneous resumption of all the encouragements which had been given to the several sources of supply, might occasion a future deficiency in some degree proportioned to the redundancy which has resulted from the combined operation of these encouragements. Such a deficiency has occurred, and though it is attributed by you exclusively to extraordinary calamity of season, we cannot but think that a very considerable share of it must be ascribed to the sudden and simultaneous abandonment of all the measures that had been adopted for securing an abundant supply.

12. Taking in one connected view the whole of your proceedings in relation to the provision of Salt, from the institution of the surplus system to the date of the latest documents in our possession, we cannot fail to be struck by the very great fluctuations in your management of this branch of the revenue, which assumes much more the appearance of a series of experiments towards the discovery of an efficient permanent system, than of a system itself; and, though we are aware that a definite and well-regulated scheme of management can only be founded on the well-established results of successful experience, yet we think it must be obvious to you, on impartial retrospection, that the experiments have been too hastily and generally made, and too hastily and generally abandoned. The surplus system, for example, was alike carried into effect and abrogated, in all the agencies simultaneously.

13. It is sufficiently on record that there was great difficulty in procuring a sufficient supply for the periodical sales prior to 1812-13; in consequence of which difficulty, encouragements had been given to large importation. The flourishing state of the Bengal manufacture in 1812-13 induced the Board of Trade to suggest that those encouragements should be withdrawn.

14. The deficiency of the supply prior to 1812-13 was considered to have been owing, in a very great degree, to the prevalence of extensive illicit traffic, the Molunghees obtaining from the dealers in smuggled Salt a higher price than that paid by Government. It was therefore proposed that one rupee per maund, the price demanded by the Molunghees from the dealers in smuggled Salt, should be paid by Government to them on all surplus Salt produced by them above their tahoods. This plan was carried into effect in 1812, at all the agencies, under the denomination of the surplus system; and it was expected that the advantages of this system would be immediately visible, in the satisfaction of the manufacturers, in the amelioration of their condition, in the stimulus which it would give to their industry, in removing from them the motives to illicit trade, in the consequent decrease of smuggling from the Aurungs, in the decrease of illicit traffic generally, in the increase of produce, in the increase of quantity delivered at the Government golahs, and in the increase of profit to Government.

15. That many of these advantages attended the adoption of the surplus system is unquestionable; but its operation, combining with the effects of two very favourable seasons, was attended with so large a surplus produce that the stock in hand at the beginning of 1814 amounted to 65,00,000 maunds, exceeding the quantity required for the sales of the year by 19,00,000 maunds. It was therefore determined to abolish the surplus system, and to restrict the manufacture below the average quantity required for the periodical sales, till the balance in store should be reduced to the standard at which it might be expedient to maintain it.

16. It was now stated, as a paramount disadvantage inseparable from the continuance of the surplus system, that it would cause a permanent injury to the Salt revenue, by causing a heavy increase in the expenses of the agencies, and involving the necessity of purchasing at an enhanced price a much larger quantity of Salt than could be required for the periodical sales.

IV. Administration of Monopolies. Salt.

17. Among the means of restricting the manufacture, it was suggested to abandon a certain number of the Aurungs. It was at this time observed by the Hidgellee agent (13th November 1813) that, "if any of the Aurungs were laid aside, it might be doubted if they could again be made efficient. The Molunghees might lose confidence in an employment on which their families had depended for generations, and might seek other sources of subsistence; and it might hence be difficult, if not impracticable, to increase the provision again when circumstances at a future period might make it expedient to do so." This remark was applicable, not only to the abandonment of Aurungs, but to every other cause by which a number of Molunghees might be thrown out of employ, and its truth has been verified by the great difficulties you have recently experienced in your endeavours to enlarge the produce of the agencies.

18. It was evident that the great and sudden restriction of the manufacture must either throw many Molunghees out of employment, or renew, with additional force, their former temptations to illicit traffic. Such was the result; many Molunghees were thrown out of employment, and a very enlarged illicit traffic appeared among the immediate consequences of the restriction.

19. The reduction of the balance in store was now a primary object with you and your Letters, as far down as the second of those now under reply, (28th February 1817,) pointed out the progress which you were making in this reduction by means of continued restriction on manufacture and importation. In the Letter last referred to, you expected that the balance in store would be reduced by the end of 1817 to about 14,00,000 maunds, at which amount you considered it would be expedient to maintain it, to guard against future deficiency from unfavourable seasons. But in the Letters of the 4th July and 19th September following, you inform us, that, in consequence of the singularly unfavourable circumstances of the season of 1817, the restrictions on importation had been suspended, the sales of the year had been but 44,00,000 instead of 46,00,000 maunds as had been intended, and the stock in hand had been reduced to 3,30,589 maunds. The provision of the year was thus found on the 19th September to have fallen short of your expectations on the 28th February by 12,69,411 maunds.* You found it necessary, therefore, to enlarge the provision of the Bengal agencies, and the importation from the coast of Coromandel.

* Balance in Store; end of 1816,	23,99,230
Expected to be reduced - -	14,00,000
Actually reduced to - -	3,30,589
	10,69,411
Sales less than intended, by -	2,00,000
Provision short of Estimate /17 -	12,69,411

20. In your Letter of 24th October 1817, you communicate to us the results of the reports for which the Salt agents had been called on, with respect to the capabilities of the Bengal Aurungs, and their maximum, medium and minimum produce under the several contingencies of favourable, moderate or unfavourable seasons; and you entered into a speculation on the probable results of these several contingencies in connection with the several contingencies of the results of the Cuttack agency, and of enlarged or restricted importation. In consequence of the views which these several results presented to you, you directed an enlarged importation from the coast, and ordered the several Salt agents to form arrangements for the manufacture of the maximum quantity specified in their several estimates.

21. In your Letter of the 17th July 1818 you inform us, that, with reference to the deficient sales of the preceding year, and the high price of Salt then prevalent you had resolved on bringing to sale 48,00,000 maunds, and on selling a larger quantity than usual at the earlier sales, and that, in pursuance of this resolution you had already sold at the three first sales of 1818, 35,00,000 maunds; but that the produce of the agencies having been less than the medium produce, and the supplies from Cuttack having been very deficient, it would be necessary either to reduce the proposed quantity of the September sales, or to include in them a disproportionate quantity of foreign Salt. With a view, however, of supplying as large a quantity of Pungah Salt as possible, you intended to sell by anticipation two lacs of maunds of Cuttack Salt, to be delivered by the 1st February 1819 which you inform us in your Letter of 30th July 1819 had been favourably effected but the deficiency on the produce of the agencies and in the supplies from Cuttack had compelled you to reduce the September sales of 1818 from 13 lacs as proposed, to 12 lacs of maunds, and that consequently the sales of 1818 had been reduced in quantity one lac of maunds below the scale you had originally determined to adopt. You add that, for the same reasons as in 1818, you had resolved

resolved on bringing 48,00,000 of maunds to sale in 1819, which we find you effected,* and that, from the very small amount of the balance in store, you had authorized an unrestricted manufacture in the several agencies, and had required the same large importation as in the preceding year from the coast of Coromandel. You observe that you shall nevertheless anxiously labour to place the system permanently to be pursued on such a footing as to secure the greatest practicable public advantage, although present emergencies may compel you to depart from that course which, under ordinary circumstances, you should have deemed it right to pursue. You observe also, "We informed the Board at the same time that it was of course desirable to avoid, if possible, any increase in the cost of manufacture, provided the requisite quantity could be otherwise secured. It is still more essential to the prosperity of this branch of the revenue that any encouragement which may be given to the manufacture should be of a kind to be permanently continued without inconvenience, so that the quantity manufactured may not exceed what the fixed annual demand of Government requires. Any sudden and temporary increase which shall lead to subsequent restrictions, similar to those which have been necessarily imposed for some years past, must, in our judgment, infallibly be followed by an enlarged illicit traffic; whereas it may be hoped that, if the capabilities of the several agencies are judiciously called forth under an active, prudent and well-regulated system of management, the almost entire produce of the country may be brought into the Government golahs, and a check be thus given to smuggling much more effectually than by any direct measures of prevention."

* 3 first Sales - 35,00,000
Sept. Sales Cons. / 1st Oct. 1819 - 13,00,000
48,00,000

22. The establishment, however, of a definite, well regulated system of management must depend on the full and clear understanding of the following points: The probable permanent standard of the annual demand; the consequent permanent standard of the annual provision; the respective proportions of that provision which it may be desirable and practicable to supply from the respective sources of manufacture and importation; the manner and degree in which the interests of your Presidency, and those of the Presidency of St. George, may be affected by the adjustment of these proportions; and the amount of the balance which it may be desirable to hold permanently in store, to guard against the deficiencies of unfavourable seasons.

23. These points you have repeatedly brought to our notice as having been referred for the report and opinion of the Board of Trade, of the several authorities subordinate to that Board, and of the Government of Fort St. George.

24. In your Letter of 17th July 1818, you refer us to a Report of the Board of Trade, dated 23d September 1817; and we find recorded on your Consultations of 16th December 1818, a Letter from the Secretary to Government at Fort St. George, dated 10th November 1818, transmitting a communication from the Board of Revenue with respect to the supply of Salt from the coast to Bengal.

25. We also find recorded on your Consultations of the 6th May 1819, a report of your Board of Trade on the above communication, and your consequent reply to the Government of Fort St. George. After so repeatedly calling our attention to your expectation of those communications, we are surprized at your not having, when they were at length received, brought them specifically to our notice.

26. The probable permanent standard of the annual demand, and the consequent permanent standard of the annual provision, are assumed by the Board of Trade in their Report, dated 23d September 1817, at 46,00,000 maunds. This estimate does not appear to be made on any satisfactory grounds. We see, indeed, every reason to think that this may be assumed as the minimum amount of the demand of the market, supposing all circumstances to continue as at present; and that at the same time, even under present circumstances, a larger quantity might be advantageously sold. The amount of the sales, the amount of the selling price, and the net profit of the revenue have increased together during the last four years: viz.

		Maunds of Salt.	Net Profit. Sa R.	Selling Price.
In a subsequent Collection "Salt Account."	1221 or 1815/16 -	39,34,663	83,84,568	314 12 0
	1222 or 1816/17 -	44,48,676	96,57,251	334 8 4
	1223 or 1817/18 -	45,18,697	1,04,66,030	336 3 0
	1224 or 1818/19 -	47,95,342	1,11,42,639	341 4 3

IV. Administration of Monopolies. Salt.

27. It is evident that improved efficiency in the checks to illicit traffic will increase the demand on the lawful market. We speak only of the actual demand of the market as it now exists, without taking into consideration the probable increase of demand from the improvement of the country and the increase of population, Increased demand from the latter causes will be gradually progressive, and may be met by gradually progressive measures.

28. The profit derived by you on the coast Salt sold at the Calcutta sales is confessedly very inferior to that derived from the Salt manufactured at the Cuttack and Bengal agencies. In the degree in which the joint profit derived by you and the Government of Fort St. George from the coast Salt is inferior to the single profit derived by you on the Salt of your own agencies, a loss is sustained by the trade in Coast Salt; and the company, which is equally interested in the transactions of both Presidencies, must be considered a loser by the difference. there will remain only the advantage derived by the ship-owners to be set off against this loss; and unless it can be shown that the advantage derived by them is, on an enlarged view of the question, an advantage well purchased by the loss sustained us, the expediency of continuing the importation of coast Salt is not on this ground made apparent. The necessity of importation will then stand on the sole ground of the inadequacy of the agencies to the supply of the market. This inadequacy is by no means clearly established. The very great redundancy of the supply under the operation of the surplus system, and the very extensive measures which, in consequence of that redundancy, you adopted for checking the too great production of the agencies, would seem to show that the agencies alone are, under certain circumstances of encouragement, even more than adequate to the full supply of the market.

29. The Board of Trade in their Report dated 23d September 1817, advert to a Letter addressed to the Government of Fort St. George by the Board of Revenue at that Presidency on the 12th November 1813, from which it would appear that the revenue derived by the Government at Fort St. George from Salt exported to Bengal is very inconsiderable; but that the trade being of material assistance to the ship-owners, the Board of Revenue would, on the latter account only, regret its extinction.

30. It appears from the Report of the Madras Board of Revenue, dated the 5th November 1818, that the profit to the Madras treasury on a Madras garce of Salt, 120 Bengal maunds, is on an average about eight Arcot rupees; and though the Board of Revenue propose, when the stock in hand at Covelong is exhausted, to confine the exports to Bengal chiefly to Rajahmundry and Nellore, when it will be fair to calculate the average revenue derived by the Company at the Madras treasury on Salt exported to Bengal at 12 Arcot rupees per garce, still the profit is so inconsiderable as to weigh nothing in the scale against the great inferiority of the profit derived by you from the sale of the imported Salt, compared to that derived from the Salt of the agencies. The difference is estimated, in the Report of the Madras Board of Revenue, at about 84 rupees per °/₀ maunds; but it appears to be most correctly estimated by your Board of Trade on an average of 10 successive years, (excluding the years of the surplus system,) at 63. 5. 7. per 100 maunds. The loss sustained by the general Government is therefore Sicca R^{s} 54 on every 100 maunds of coast Salt imported by your Presidency. The loss on 3,00,000 maunds is 1,62,000 sicca rupees.

	Total Charges. A. Rs.	Profit to the Madras Treasury.
Vizagapatam	16 5 5	7 10 7
Rajahmundry	11 15 –	12 1 0
Nellore - -	12 15 7	11 0 5
Covelong -	17 14 5	6 1 7
Tanjore - -	12 8 11	11 7 $\frac{11}{16}$

Loss to Bengal	63	5	7
Gain to Madras	9	5	7
	54	–	–

12 Arcot rupees per Madras garce being S^{a}R^{s} 9. 5. 7. per 100 Bengal Maunds.

31. "If," says the Madras Board of Revenue, "by relinquishing altogether the importation and sale of Coast Salt in Bengal, and increasing to a corresponding extent the sale of Bengal Salt, the price of the latter would not be affected, nor the total quantity of Salt purchased in any material degree diminished, it would follow that this sum (of sicca rupees 1,62,000) is sacrificed, and that all considerations immediately connected with the merchants and inhabitants of the coast ought to give way before so serious a sacrifice of the public revenue."

32. It appears, so far as we have at present means to judge, that the interests of the Government of Fort St. George are not promoted by the exportation of coast Salt; that the interests of your Presidency suffer by the importation of it.

and

and that the only two arguments for its continuance beyond the absolute deficiencies of the agencies are, 1st, the necessity of promoting to a certain extent the interests of the ship-owners at the expense of your own revenue; and, 2dly, the necessity of suppjying the market with a certain quantity of the worst kind of Salt.

33. With respect to the first of these points, we cannot admit it as deserving of consideration, unless it were shown that through the limited encouragement given to these ship-owners, an advantage were derived by the Government or the public, of which, under any other circumstances, they would be deprived.

34. With respect to the second point, the necessity of supplying the market with a certain quantity of the worst kind of Salt, the Board of Trade is of opinion that, because a part of the population has become habituated to a bad kind of Salt, and prefers it on account of its cheapness, the Government must necessarily continue to bring a certain proportion of inferior Salt to sale, and that this inferior Salt can, with most advantage to the revenue, be furnished by importation from the coast of Coromandel. We think the solidity of this opinion very questionable. If the whole quantity supplied were Pungah Salt of the agencies, or if the requisite quantity of inferior Salt were supplied by Kurkutch Salt of Cuttack, and if the supply of Coast Salt were discontinued altogether, it is not to be supposed that the former purchasers of the Coast Salt would not become, to the extent of their means and necessities, purchasers of the substituted supply; they would purchase at least an equal, and, in all cases in which their means would admit it, to a greater money value than before: it is matter of easy calculation that the same gross receipt on a given quantity of Coast Salt, and on a smaller quantity of Bengal Salt, yields a higher net profit in the latter than in the former case; the public revenue therefore would not suffer by the change; but it may be said that the means of the poorer classes of the community enable them to consume only the smallest possible quantity of the worst kind of Salt, and that if the worst kind should cease to be supplied, the inevitable diminution of the quantity of their consumption will be a serious grievance to them, to which the improved quality will not be a counterbalancing advantage. This difficulty, however, is sufficiently met by the remarks of the Board of Trade, in their Letter of 30th March 1819; that the measure of relinquishing the importation of Coast Salt "would ultimately be attended with a proportionate advantage by enabling them (provided the Bengal and Cuttack agencies were capable of satisfying, without any risk of failure, the entire demand of the Bengal market) to give to the consumer a better Salt at the price probably now paid for Coast Salt, and by bringing an increased quantity of Pungah Salt to sale, to make up for the diminution which such an arrangement would naturally occasion in the price; and by lessening the temptation, to give a serious check to the illicit manufacture and traffic in Salt."

Example 1817-18.	S[a] R[s]
The sale price per % maunds Bengal Salt was	360 7 10
Ditto Coast Salt	270 – 10
The net profit per % maunds Bengal Salt was	276 – 5
– Coast Salt	167 4 10
20,000 rupees would have purchased, of Bengal Salt	5,548 mds.
– of Coast Salt	7,405 3 14
Net profit on 5,548 maunds of Bengal Salt	15,313 7 9
On 7,405. 3s. 14c. of Coast Salt	12,407 6 3

35. Still it is evident that the interests of the Bengal Presidency are promoted in proportion as the quantity of Cuttack and Bengal Salt predominates over that of Foreign Salt in the periodical sales: it is therefore incumbent on you (giving all due consideration to the interests above-mentioned) to aim at supplying the sales with the maximum of Cuttack and Bengal Salt, that the capabilities of the agencies will allow, and the demand of the market will require, and with the minimum of Coast Salt that the deficiencies of the agencies, and a liberal consideration of the interests above-mentioned may render it imperative on you to supply.

36. The Board of Trade is of opinion that 3,00,000 maunds of Coast Salt will be an adequate permanent standard of importation; and though present circumstances have obliged you to exceed this quantity as a temporary arrangement, and to extend the importation to 8,00,000, we conceive that, with the agencies in a proper state of efficiency, and a proper balance in store, it will never be necessary that a larger quantity than 3,00,000 should be imported. Under such a limitation of the supply, we trust that the Government of Fort St. George will experience little difficulty in furnishing you with the best description of Salt, and in effecting an arrangement by which that supply may reach Calcutta in an unadulterated state.

IV. Administration of Monopolies. Salt.

37. In taking into your consideration the measure of entirely dispensing with the supply which you have been in the practice of drawing from the coast, it will be necessary to bear in mind the effects which any sudden abandonment of the demand from Bengal would have upon the Salt Revenue of Fort St. George, either by throwing so considerable a quantity of the produce of that Presidency on the hands of the Government, or by affording the Molunghees the means of creating an extensive contraband traffic.

38. The very small balance of Salt in store, and the inadequate production of the agencies during the two or three past seasons, evidently rendered necessary the directions you have given, for enlarged importation as a temporary measure, and of giving the Molunghees, of the Bengal agencies, to understand that they should be allowed to extend the manufacture, without restriction to the quantity which might be specified in their respective tahoods. You have also authorized, on the suggestion of the Salt agent, the revival of the surplus system in Cuttack with certain modifications, which will render the extra expense from the measure very trivial, in comparison with the great advantages that promise to result from it, both to Government and to the people of Cuttack; to Government, from the enlarged produce of the agency, which is confessedly its most profitable source of supply; to the people, from restoring to them in its full extent a branch of beneficial employment, the restriction of which had operated most injuriously on their prosperity, and of which restriction, after the promises which had been held out to them, they had very just reason to complain.

39. The amount at which it may be expedient to maintain the balance of Salt in store, you estimate in your Letter of 28th February 1817, at 14,00,000 maunds. And we observe, that in the Board of Trade's Letter, of 30th March 1819, and in your Secretary's Letter of 6th May following, the proposed amount of the balance in store is 15,00,000 maunds; viz. 10,00,000 in Bengal, and 5,00,000 in Fort St. George. There are many considerations which induce us to question the sufficiency of these estimates. The balance in store at the end of 1816 was - - - - - - - - - - - - Maunds 23,99,230

The balance you expected on the 28 February 1817, would be reduced by the end of 1817, to about 14,00,000, but it was actually reduced to - - - - - - - - - - - - - - - -	3,30,589
You were thus obliged to draw, for the supply of the year, from the balance in store - - - - - - - - - -	26,68,641

And notwithstanding this, you were still obliged to sell 2,00,000 maunds short of the intended sales. Under the circumstances of this season, it would have been necessary to have had in store, at the end of 1816, 36,86,641 maunds, in order to meet the full demand of 1817; and to have in store, at the end of 1817, a balance of 14,00,000 maunds. Notwithstanding the enlarged importation and unrestricted manufacture of 1818, the supply fell short of the estimate, and you were obliged to sell one lac of maunds less than you had intended for the sales of the year. The balance in store at the end of 1818, was 2,86,589. Under the circumstances of this season, it would have been necessary to have had in store at the end of 1817, maunds 15,44,000, in order to meet the full demand of 1818, and to have in store, at the end of 1818, a balance of 14,00,000 maunds.

40. In the year 1818, the various sources of supply were called on for unrestricted exertions. Taking the years 1817 and 1818 together, you drew from the

balance in store - - - - - - - - - -		20,68,641
		44,000
		21,12,641
and diminished the intended sales by - - - - -		3,00,000
The joint deficiency of these two years was, therefore, - -	M^ds	24,12,641

41. The minimum produce of the Bengal and Cuttack agencies is estimated at - - - - - - - - - - 33,53,000

It is also stated to be at any rate not desirable, as a permanent measure, to import from the Coast of Coromandel more than	3,00,000
	36,53,000
The demand of the market has not of late been less than - -	46,00,000
Deficiency in unfavourable seasons - - - - -	9,53,000

Therefore,

Therefore, in the event of two successive unfavourable seasons, the deficit of 19,06,000 maunds must be supplied either by enlarged importation or by a balance to that amount in store.

42. Therefore, on the ground of experience, to guard against one such season as 1817, or two such seasons in succession as 1817 and 1818, would require a balance in store of nearly 25,00,000 maunds; and on the ground of calculation, to guard against two successive unfavourable seasons, yielding only the minimum produce, would require a balance in store of nearly 20,00,000 maunds; and in both cases the supply of the market would consume the whole of the balance. These considerations would seem to show, that the permanent standard of the balance in store ought not to be assumed at less than 20,00,000 maunds; but we do not by any means lay down this deduction as a rule for your guidance. We content ourselves for the present with calling your attention to a view of the subject which we conceive ought to be taken, in order that your prospective measures may derive the best use from the results of experience.

43. In the preceding examination we have taken a careful view of the present state of information and opinion on all the important points connected with the provision of Salt. On some of these points the results of further experience appear to be wanting, before a definite permanent system can be established. In the mean time, by giving the highest degree of encouragement to the best source of supply, in revising with very judicious modifications the surplus system in Cuttack, by giving the second degree of encouragement to the second best source of supply, in sanctioning an unlimited manufacture in the Bengal agencies; and by recurring for the supply of present deficiencies to the third and least beneficial source of supply, importation from the Coast of Coromandel, on an enlarged scale, as a temporary measure only, till the present necessities be removed, and till the various interests involved in the continuance or abrogation of that importation be better understood, you appear to have graduated your present measures on the most judicious scale which present circumstances allow, and to have left a sufficient opening for more permanent future arrangements.

— No. 21. —

EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in *Bengal*; dated 17th November 1826.

Letter from the Governor General in Council to the Court of Directors, dated 30th July 1823. (229 to 233) Temporary adoption of the surplus system, or an enhanced price on the Salt delivered by the Molunghees in excess of their engagement.

Para. 52. WE are desirous that the price allowed to the Molunghees for their Tydaad Salt should, according to the circumstances of each place of manufacture, be such as to afford them an adequate profit, and that the greatest attention should be bestowed by the agents and their superintending officers in ascertaining as correctly as possible the productive powers of the various Aurungs, before they enter into detailed engagements with the manufacturers.

53. In general we conceive that this adequate price would suffice to call forth the productive powers of the several Aurungs to the full extent of their capabilities; and if the engagements formed by the agents with the Molunghees were duly proportioned to those capabilities, the means of effecting a surplus produce would be so much limited that the danger of smuggling from that source would not be very great. When a bounty, as on the present occason, is given to each manufacturer for all the surplus Salt which he may be able to deliver before the close of the manufacturing season, we are of opinion that this bounty should be regulated by the quality and quantity of Salt delivered, and not with reference to its proportion of the tydaad.

54. As it is to be expected that in proportion as you succeed in preventing smuggling, the demand for the Government Salt will increase, we are led to hope the inconveniences which induced Government in 1813/14 not only to abandon the surplus system, but greatly to diminish the tydaads of the several agencies, will not be again experienced; and when such is the case a resort may be made to the surplus system with less apprehension of danger.

— No. 22.—

EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in *Bengal*; dated 11th July 1827.

Letter from the Governor General in Council to the Court of Directors, dated 23d March 1821. (94 to 101; also Letter 19th December 1822, and 30th July 1823, paras 2 to 10; 17 and 158 to 176.) Salt accounts for the years 1818/19 to 1822/23, and provision for the years 1820–22 and 23; also explanation of the circumstances which led to the high price of Salt in 1822, and of the measures taken for preventing their recurrence.

Para. 23. THE results exhibited by the accounts of these years are certainly in a high degree satisfactory. They indicate good administration in all the agencies; but we regret to observe that the very desirable object which you have long had in view, of effecting an increase of revenue from enlargement of consumption, instead of an increase of price, has yet been so imperfectly attained. In the 160th paragraph of your Letter in this Department, of 30th July 1823, you observe that, "though the prices have been higher than we could have wished, the result of the statements" for 1820/21 and 1821/22 afford a gratifying evidence of the stability of this branch of the resources of Government. We are, however, of opinion, that the stability of the Salt revenue, as well as the comfort of the people, essentially depends upon the extension of consumption.

24. In that part of the 3d paragraph of your Letter of the 30th July 1823, in which you speak of fixing the net revenue which it is necessary to draw from the Salt monopoly, your meaning doubtless is, that whenever it appears that the average rate of consumption will, at the stated price, produce more than the amount which you have so fixed, the price shall be reduced. Of this principle we cordially approve, but should not less strenuously condemn any attempt to keep up the revenue of this amount through enhancement of price. The greater the quantity on which a given revenue is raised, the lighter of course, as you justly remark, is the taxation, and the more secure the public resources; while another material advantage is, that by lowering the price you diminish the temptation to smuggling; and hence, that measures less annoying to the people, and of less expense, will suffice for its prevention. We are extremely happy to perceive that you attach importance to the diminution of the cost of this article to the people, which, to so great a part of them, constitutes their only luxury. We hope and confidently trust that there will be sufficient enlargement of sale to enable you to realize an adequate amount of revenue from this source, consistently with a reduction of price, which of course will be gradual, but finally we doubt not will be large. We however wish you to consider whether, instead of periodical sales, the public might not be supplied with Salt from the Government warehouses at a fixed price, whereby the subordinate monopoly of the Salt merchants, who now purchase the Salt in large quantities at those sales, would be prevented, and Salt would not be liable to those excessive fluctuations in supply and in price to which the article is now subjected. We only throw out these suggestions for your consideration. We are most anxious that a limit should be put to the rate of this tax, and that the people should have the benefit, in reduction of price, of any increase of sale which the progress of demand may produce.

25. We are happy to perceive, by the experience of the last two or three years, that no apprehension is to be entertained of the want of means in the combined agencies, of extending the manufacture sufficiently to meet any demand; and all that is wanted is, that the Superintending Board should carefully attend to the circumstances influencing the demand and supply, a correct estimate of which will always enable you to adjust the one of these to the other.

26. We attach great importance to the experiment which is going on at Saugor, and conceive that very sanguine hopes may be entertained of its leading to the discovery of improved methods, by which the cost of production will be reduced, and the means of regulating the quantity to any state of demand will be placed more completely and promptly at your command.

27. The prospect with respect to the supply of Salt from Madras has also materially altered, the quality having been improved, the relative price has so much increased that a greater rate of profit has been derived from it than from the average of the Bengal manufacture. We are anxious to be furnished with a Report on the comparative qualities of the Coast and Bengal Salt, and on the means which have been successfully adopted for improving the quality of the former.

former. In procuring this information from the Government of Fort St. George, we desire that you will enter into a full consideration of the advantages to be derived by an unrestricted trade in Salt and Grain between the two Presidencies, as the inconveniences resulting from the inferior quality of the Coast Salt can no longer be assigned as a reason for restricting the trade in those articles. The motive which exists for increasing it, as far as can be done without counterbalancing inconvenience, is sufficiently obvious.

28. The attempt of the more extensive dealers to create a sub-monopoly in their own favour, which occasioned the rise of price in 1822, defeated itself with so much loss and so much danger of ruin to the parties concerned, that we think with you there is little hazard of any such purpose being renewed. You are now also upon your guard, and, in case of a repeated attempt, the indulgence which you granted to them will not again be expedient.

—No. 23.—

EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in *Bengal*; dated 10th June 1829.

Letter from the Governor General in Council, to the Court of Directors, dated 31st May 1827. (137 to 147, and 234 to 237.) Correspondence referred to, in proof of attention to the improvement of the Salt administration, particularly in respect to two points: sufficiency of supply, and security of the Revenue; objections against taxing the Karee Noon manufactured in Behar; inquiries as to the good or ill effects of the Chokey system, and deputation of Mr. Chester for the purpose of inquiry; increase of price to the Molunghees in Bullooah and Chittagong, proposed by Mr. Chester; increase granted to those in the 24 pergunnahs.

Para. 34. THE correspondence to which we are here referred is voluminous; and we perceive by it that no small portion of your time, and of that of the local officers and Board has been bestowed upon it. We are sorry not to be able to add that the good effects have been correspondent; for neither in respect to sufficiency of supply, nor protection of the Revenue, do we see any reason to conclude that your securities are improved. You observe that much of the subject was still under consideration, and could not be finally disposed of in the Letter then to be dispatched. In these circumstances we must content ourselves for the present with repeating, as we have often done, our great anxiety that you should be able at last to mature your plans upon this great concern, and let us know with some degree of certainty, what it is, and what it is not, in your power to effect.

35. We perfectly concur in your decision with respect to the Kharee Noon manufactured in Behar, and in the sentiment on which the decision was grounded, that a measure is not advisable "which cannot but be harsh in its operation upon the poorer classes, and at the same time productive of little, if any, net revenue to the Treasury."

36. We have observed on your consultations, though not noticed in your Letter a correspondence with the local officers in the several agencies on the question' respecting which we formerly communicated to you our doubts, viz. whether the separation of the golah and the manufacturing omlah, or performing both sets of duties by one set of officers, was attended with the greatest advantages. As far as a very general concurrence of opinion affords evidence, you had reason to decide as you did, that the plan of separation is the best. You had also, we think, evidence to justify the favourable opinion you retain of the Chokee system.

37. Our attention has been attracted, in a particular manner, to the correspondence on the subject of increase of price to the Molunghees. You have recognized the necessity of granting an increase of three annahs per maund in Pergunnah Calcutta, under the apprehension that the Molunghees would otherwise desert the manufacture. Yet the circumstances stated in the Letter of Mr. Secretary Mackenzie to the Salt Board, dated 14th September 1821, and quoted in our Letter to you in this Department, dated 11th July 1827, led you to doubt the statements of the agent regarding the insufficiency of the existing remuneration. With respect to the other agencies you have suspended decision and desired further information, having deputed Mr. Chester, a Member of the Board, to perform for that purpose a local investigation. In the mean time, in order to to obviate a threatened deficiency in the supply of the year, you had authorized an additional remuneration for any quantity manufactured after a certain date. And we cannot but apprehend, from the whole import of the correspondence on the

IV. Administration of Monopolies. Salt.

subject, that you will be under the necessity in future of paying a higher price for the manufacture.

38. With this prospect of an increase of cost, added to all the difficulties under which you labour from uncertainty of seasons, fluctuation of supply, and still, after all your promises, insufficient supply, we cannot but express our surprise that the means of obtaining from the coast, without any uncertainty, any quantity which you may desire, and (as we are informed on good evidence) of the best quality, should constantly appear to escape your attention. We shall call for more complete information on the subject from the Madras Government, and shall not decide without mature consideration; but the present impression on our minds is, that an arrangement far preferable to that which now exists might be made for obtaining the whole of your supply from the coast, and putting an end to the Bengal manufacture, with its complicated and most expensive machinery, altogether.

39. Your deliberations respecting the propriety of distributing Salt to the Molunghees for their own consumption; of establishing retail shops in Chittagong upon the plan of those in Cuttack; and of suppressing the manufacture of Noon Chye in Chittagong, offer no occasion for particular notice at present.

— No. 24. —

EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor General in Council in *Bengal*; dated 4th November 1829.

Para. 22. ON the occasion of stating their opinion respecting the quantity of Salt which it would be expedient to bring forward for sale during the year, the Board entered at large into the general policy of increasing the supply, and delivered it as their conclusion, that any extension much beyond the actual supply, would be attended with great loss to the revenue.

23. We confess that their reasonings are far from being as satisfactory to our minds as they appear to have been to yours. It appears to us that the Board rather assume, than prove, the great fact upon which the whole question must turn, whether the population generally do, at the present prices, receive a full supply of the article; or whether the high price does not compel them to content themselves with a quantity below what they would like to enjoy. It is not a solution of this question to tell us, that there is a certain quantity of Salt which answers the demand of every individual; and when the individual has already the command of that quantity, he will increase it but little, however much the price may be reduced. This nobody doubts; but still the question remains, whether or not the population of Bengal do obtain this full quantity. The opinion which we have long entertained is that they do not; and that at a lower price they would consume a larger quantity.

24. We are quite willing to allow, that on neither side of this question can an opinion be considered as more than probable. It is to be determined by experiment, and not by opinion, least of all by the opinion of the Salt merchants. We also fully concur with you, that in the present state of your finances, the experiment ought not to be tried in such a manner as to risk any considerable loss of revenue. But we see no reason to anticipate that such would be the effect of a moderate but steady increase of the quantity from year to year. The result of any one year, it is obvious, cannot be regarded as a test; a series of years are required, more especially with the means which, under the present system, are possessed by the Salt merchants, of influencing the market, and which means the anticipation system, which you have since abandoned, was well calculated to augment.

25. The difficulty of procuring from your own agencies, not only an increase of supply, but even steadiness at the present amount, and the constantly increasing cost of production, we trust are at last prevailing upon you, to look to the coast as a source from which you may derive, with great advantage, a much larger proportion of your annual quantity than you have hitherto accepted from it. Our sentiments on this important point have been so often urged upon you, on former occasions, that we shall not dwell upon them at present. It is necessary for us, however,

however, to take notice of your decision respecting the proposal of Mr. Trotter, which you have communicated to us in your Letter in this Department, dated 30th October 1828, paras. 218 and 219. We have received a Memorial from Mr. Trotter, who was then in England, upon the same subject, and will state to you in a few words, what has occurred to us respecting his proposal.

26. It is Mr. Trotter's opinion, and he appears to have bestowed a great deal of attention on the subject, that the Coromandel Salt might undergo a process of purification at Calcutta, which would adapt it perfectly to the Bengal market; that this article might always be supplied steadily, without dependence on the seasons or other cause of fluctuation; that it could be supplied at a less cost than the Salt manufactured at your own agencies; and that the quantity might be augmented to any extent which may be deemed expedient.

27. If these objects could be so obtained, it must be admitted that a great advantage would thence be derived to your Government. We think that you were perfectly justified, in fact it would have been imprudent to have done otherwise; in looking upon a new project of this nature with distrust, and in abstaining from any steps leading to its adoption, till you were convinced by satisfactory evidence that the results which it promised were likely to be realized. At the same time there is so much probability in the anticipations themselves, that the proposition deserved a full and deliberate investigation before it was thrown aside.

28. The Board of Customs, Salt and Opium, in forwarding to you the proposal of Mr. Trotter, stated certain reasons which appeared to them sufficient to justify its rejection. And upon these reasons of theirs you appear to have acted. The reasonings of the Board, however, are conjectural, as much as those of Mr. Trotter, and are but a weak foundation on which to rest a conclusion of any importance.

29. The Board take a favourable view, in our opinion one much too favourable, of the mode of providing your Salt by the present agencies. They next adduce some considerations to show that the cost of purification would be much greater than is stated by Mr. Trotter. We do not think that these considerations go far towards establishing the point; and they are directly met by the proposal of Messrs. Alexander & Co., to contract for the supply of a certain quantity of purified Salt at the rate mentioned by Mr. Trotter.

30. The Board state that the cost of apparatus, and other requisites for making the experiment, would amount to a large sum. This undoubtedly is an important consideration. But the conjectural statement of the Board on this subject should not be taken as a proof of the fact. And, at all events, this objection does not apply to the full experiment which might be made through the contract with Messrs. Alexander & Co.

31. We are disposed to lay more stress upon the objections, also adduced by the Board, that Coast Salt may be obtained in sufficient purity for the Bengal market, without undergoing the process of purification. If so, there is, of course, no motive for subjecting it to that process. To this opinion, from all the information we have received, we ourselves incline. But if such be the fact, it sets in a strong light the fault of your policy in so long and obstinately declining to avail yourselves of this great resource.

32. The prejudice which, according to the Board, the natives have to the use of purified Salt, we should not consider a formidable objection, because we think by proper means it might soon be overcome.

33. We are not prepared to pronounce an opinion, either in favour of Mr. Trotter's plan or in opposition to it; but the circumstances which are from time to time forced upon our attention, concur in convincing us, that the present system is of very arduous management; that vices prevail in it, which you have neither succeeded in removing, nor are likely to remove; and that the imperfections of it will in no long time compel you to think seriously of great alterations. We therefore conceive it to be of the very greatest importance that, in the mean time, you should be careful to explore the merits of any suggestion that may be presented to you. With this view, we transmit the Memorial of Mr. Trotter, the substance of which you have already had before you, with a most serious recommendation that it may receive a far more deliberate consideration than that which was formerly bestowed upon it; and that the experiment, unless it is finally thought by you to

IV. Administration of Monopolies. Salt.

offer no reasonable prospect of success, and that it would involve an expense to Government exceeding the value of any probable advantage, should be made. We need not add, that if it be made, you should take all requisite security for its being fairly made; and to save it from any chance of being defeated in the hands either of prejudice or of adverse interest. Of your inquiries and experiments we desire that you will keep us continually apprized, as there is nothing to which we attach a higher importance than to the just and beneficial regulation of this branch of the revenue. We sincerely hope that, feeling with us upon this point, you will lose no time after the receipt of this Despatch, in instituting a full and fair inquiry; and your exertions, we are sure, will be zealous and unremitting till such time as you shall have perfected a system more in consonance with our wishes, and with the beneficient policy we desire to make the rule of our Government.

—No. 25.—

EXTRACT LETTER, in the Separate Department, from the Court of Directors to the Governor-General in Council in *Bengal*; dated 23d February 1831.

Letter from the Governor General in Council, to the Court of Directors, dated 8th December, 1829.
(14 to 35) Correspondence with the Board of Customs, &c. respecting the supply of Salt for the ensuing year, and respecting the mode of administering the Salt Department for the future.

Para. 6. ON the first and more limited subject, the supply of the year, we have few observations to offer. You considered it the safest course to make no alteration in the existing mode, either of providing the article or vending it; deeming it however necessary, in consideration of the quantity on hand, to limit the amount of the manufacture.

7. The correspondence of the Board is chiefly employed in establishing certain opinions which form the basis of the plan which they would recommend for the future administration of this branch of the revenue.

8. We shall first advert to a position of theirs which they had urged on a former occasion, viz. That the population supplied with Salt from the Calcutta sales consume as much as they have occasion for, and would not increase their consumption if the price were reduced. We offered some remarks on this supposition in our Despatch in this Department, dated 4th November 1829, to which we have not yet received your answer, and to which we again direct your attention.

9. It is stated in support of this opinion in the correspondence before us, that six seers of Salt is the annual consumption of one man, and that, according to the most probable estimate of the number of inhabitants, this quantity is actually supplied to each. This however does not appear to us to be sufficient. The Board may know that six seers only are consumed at the present price, but we distrust their inference, that more would not be consumed at a lower price.

10. As little satisfactory is their reference to the annual returns of golah clearances, to show that the increase of supply has kept pace with the increase of population. This has no tendency to prove that at every one of those dates the same population would not have taken off a greater quantity at a smaller price.

11. We admit, however, that doubt may be entertained whether reduction of price would be accompanied by a proportional increase of consumption. This can be determined only by experiment; and we agree that the experiment ought to be made cautiously by slight alterations at a time, either by a small reduction of the price, if the stores are opened at a fixed price, or by a small addition to the quantity sold, if the plan of periodical sales is persevered in. At the same time we are decidedly of opinion, that for so important an object as cheapening to the population so material an article of consumption, a risk of some temporary diminution of revenue might not improperly be incurred.

12. We do not think that it is evidence against the making of such an experiment, that the merchants, when the sales have been large, have been dilatory in making clearances from the golahs, and have left a quantity on hand till the succeeding year. It was obviously the interest of the merchants to keep up the retail price; and if they entertained the hope, that by reserving a portion of the supply of the present year they should induce the Government to lessen the supply of the subsequent year so far as to keep up the price in that year to the same level at which they had retained it in the foregoing year, they were relieved from the

the apprehension of loss on account of the quantity remaining in store If they had been well assured of your steady perseverance in keeping up the augmented supply, the dread of a still greater reduction of price in the second year would have prevented them from keeping back any portion of the supply of the first. We are of opinion, therefore, that the delay of the merchants in clearing the golahs is no proof that the market was incompetent to take off a greater quantity at a smaller price.

13. The arguments by which the Board dissuaded you from opening the golahs at a certain fixed price, and in this manner trying how much would be taken off for consumption under a slight reduction of price, an experiment which apparently would be attended with very little risk, appear to us likewise to require reconsideration.

14. They told you that " the departure from the established course must operate to derange in some degree the existing methods of supplying the interior, and hence would not be free from risk." This supposition appears to us to be groundless. The merchants now buy at your sales, and take the article out of your stores at such times, and in such quantities as suits their convenience for transmitting it into the interior. Their having it in their power to go to your stores and purchase the quantity which they need, at the time when they need it, does not appear to us to necessitate any derangement of the existing method of supplying the interior.

15. They further assured you, " that under the necessity of clearing Salt actually purchased, there would be a stimulus for carrying the article into the interior, which not being felt under the assurance of always being able to obtain it when wanted for a speculation, would operate to make the plan of fixed sales more favourable for the consumer than that of the fixed prices; besides that the former was in many respects more favourable to the revenue." We think that these inferences are too hastily drawn. The stimulus for carrying the article into the interior, is in all cases the profit to be made by the transaction. The necessity of clearing the Salt purchased at the sales cannot have the effect ascribed to it, because practically it has no operation, it being one of the statements of the Board that the clearances are not made. One of the effects indeed which it seems reasonable to anticipate from keeping the golahs open for the supply at all times of all demands, is that of a regular supply to the consumer; because, in that case, every person, without exception, can send Salt into the interior, whenever the profit is such as to afford him the inducement; whereas, when a few merchants at your fixed sales take off in large purchases the whole quantity sold, they can afterwards, by withholding supply, exercise for their own advantage a great degree of control over the price. That the selling at a fixed price should be more unfavourable to the revenue, if the quantity sold and the price at which it is sold are the same, is impossible. If the price is lowered by Government, on purpose that the experiment may be tried whether the lowness of price will not be compensated by increase of consumption, that is the Government's own act, the consequences of which it is willing to try; consequences wholly distinct from those of a difference in the mode of conducting the Government sales.

16. The Board give it as their opinion that the tax on Salt, as now paid by the people, is little felt. Inferences of this sort, however, should be very cautiously admitted. The sum paid by each individual is indeed inconsiderable, but when we compare it with the small amount of the earnings of a poor Ryot, the proportion does not appear to be small.

17. The plan recommended by the Board, on the strength of these arguments, is, that a quantity of Salt, to the extent of 45 or 46 lacs of maunds, and not more, should be disposed of at periodical sales in each year, and that of this no more than six lacs of maunds should consist of Salt from Madras. On the first of these propositions you did not think it necessary for you to come to an immediate decision, further than related to the question of the present year; but you concurred with the Board in their view of the permanent limit which should be applied to the amount received from the coast, though the Madras Government stated strongly their opinion that, with a view to the interests of both Presidencies, not less than eight lacs ought to be steadily supplied.

18. In addition to what is urged above, as grounds of doubt respecting the conclusion of the Board that 46 lacs of maunds is an adequate supply, we may

IV. Administration of Monopolies. Salt.

still observe that though it is stated by the Board that, on the average of twenty years, the quantity of Salt cleared from the golahs and carried into the interior amounted to about 45 ½ lacs of maunds, it appears by the table you have transmitted in your Letter, that, in the first ten years of this period, the average quantity consumed in the provinces intended to be supplied with your Salt amounted to 44,20,114, and in the last ten years to 47,88,230; in the last four years to 47,66,983.

19. Upon a general view of the quantities, it is evident that the consumption may be considered to be progressive, and that the quantity of 47 ½ lacs of maunds may be considered as that which, at the present time, may be expected to be sold without any diminution of price.

20. A yet more conclusive opinion may be formed upon this point if the prices in these three periods be attended to.

21. In the first period the average price was 334 rupees the 100 maunds; in the second, 377; in the third, in which the quantity sold was rather below the average of the ten last years, the price rose to 399 rupees, thus showing a steady demand on the part of the consumer at an increased price; the average quantity sold in the last four years, producing at the average price of those years 1,90,20,262 rupees, and the average quantity of the ten years at the price of those years, 1,80,51,627.

22. We have no intention to urge upon you the adoption of any views of ours, because we are satisfied that you have better means of arriving at an accurate conclusion than we have; and our only desire is, that you should carefully and impartially exercise your own judgment. We have offered such observations on the arguments of the Board as we thought might deserve your consideration; and we trust that you will always scrupulously examine for yourselves the reasons which are offered to you by subordinate authorities; knowing that it is your peculiar duty to check the biases to which they may be liable.

(36 to 41.) Correspondence relative to the design of increasing the rate of duty on Salt in the Western Provinces, including Benares; and a Regulation to that effect enacted.

23. The object of the regulation is two-fold; first, to equalize the duty on the importation of Salt into the Western Provinces, and slightly to increase it, the duty on its consumption being at the same time repealed; and, secondly, to impose an additional duty upon its importation into the Province of Benares. We are in hopes that the first of these measures will not be injurious to the revenue, while it will certainly relieve the consumer from a duty of a vexatious nature.

24. Though in the province to which the second measure extends the tax upon Salt was lower than in those supplied from the Calcutta sales, we believe that the population there was at least as highly taxed, in the proportion to its means, as the population in the other provinces; and if so, it may be found that even your exchequer may not benefit by the imposition of a new duty.

25. As the measure has been some time in operation, we shall content ourselves for the present with desiring you to transmit to us full information respecting the effects which may have been produced by it; that we may know, not merely how it has affected the revenue, either as to amount or the difficulty of realizing it, but still more particularly how it has affected both the circumstances and the sentiments of the people.

26. The impost does not clearly appear to be included in the class of duties which require for their enactment the consent of the home authorities; but as the question is not free from doubt, we think it advisable to annex the prescribed form; and do hereby, with the approbation of the Commissioners for the Affairs of India, sanction and approve the regulation entitled, "A Regulation for increasing the rates of duty on Western Salts imported into or in transit through the ceded and conquered provinces, for levying a further duty on those Salts on their entering the province of Benares, and for remitting the town duty leviable under the existing regulations on Western Salts imported for consumption into the city of Benares, and towns of Mirzapore and Ghazeepore."

— No. 26.—

LETTER, in the Separate Department, from the Governor General in Council in *Bengal* to the Court of Directors, &c. &c. &c.; dated the 8th of December 1829.

IV. Administration of Monopolies. Salt

HONOURABLE SIRS,

OUR last Letter to your Honourable Court, in this department was dated the 7th July last.

2. Our proceedings in the Salt department have lately assumed an importance which entitles your Honourable Court to expect that we should separately report to you on the subject of them. The orders and observations contained in the Letter of your Honourable Court in this department, dated 10th June last, Paras. 34–43, and *passim*, render it more necessary that we should not longer delay this communication.

3. Your Honourable Court is aware that, towards the end of each year, the Board of Customs, Salt and Opium, report to us ordinarily on the arrangements to be made for the supply of Salt in the following year, with reference in particular to the requisitions for this article to be made from the coast. In our Letters, dated 12th September 1828, dispatched by the private ship Victory, paras. 3 to 7, we referred your Honourable Court to our proceedings in respect to the Report of the Board relative to the supply of Salt for 1828. On that occasion we discussed with the Board, at some length, the prospects of its department, and the practicability of extending the supply for consumption without injury to the revenue derived by Government from Salt. We had hoped that by drawing your attention in this manner to the views we proposed then to act upon, we had complied with the wishes heretofore conveyed to us by your Honourable Court, to be put in possession of our sentiments on this subject; but we regret to observe from the tenor of some of the observations in the Letter above acknowledged, which bears a date posterior to the receipt of our Despatch of September 1828, that you were not satisfied with the information and explanations furnished by us.

4. We hasten, therefore, to supply the further more complete information, which our subsequent correspondence with the Board of Customs, Salt and Opium on this important subject will be found to have elicited; but it will be necessary that we should, in the first instance, notice that the statement assumed in para. 42, of your Letter of the 10th June last as the basis of reasoning in regard to the annual revenue and the annual supply of Salt, is taken from accounts which do not afford, and never were intended to afford, data for such calculations.

5. An examination of the items included in these statements will show that they exhibit the commercial out-turn of the *manufacture* of each year at the Bengal agencies, with the out-turn of as much Cuttack, Coast, and other imported Salt, as may be brought to sale in a different year from that of manufacture, viz. from the 1st of May to the 30th of April following; and so with the quantity sold in retail, which is exhibited for the same twelve months of account. The season of manufacture commences, as your Honourable Court is well aware, in the month of December, and continues until the end of May. The agency Salt of the season is generally first brought to sale in the month of March, and the whole of it will ordinarily be sold by the March or April following; the year's produce, however, though spread over the sales of a period of fourteen months, and sometimes more, appears entire in the annual account, the object being to exhibit a commercial balance on the operations of the year of manufacture, with a view to calculation of the agent's commission earned thereby, rather than for any purpose connected with the revenue of a given period, or to show the quantity of the article provided and given out for consumption in that space of time. The consequence is, that if the manufacture is productive, and the season favourable, a large quantity of agency Salt will appear in these annual accounts.

If, again, the produce has been short, there will be little shown; but it must not thence be concluded that more was provided for the consumer in the period comprehended in the former statement than in the latter; for its deficiency will, may must, have been supplied either by Salt of the preceding year, sold in the early months, March and April, and already included in the previous year's

IV. Administration of Monopolies. Salt.

account, or by Salt of the following year, sold in the later months, and not brought to account till the following year, because not of the same season's manufacture.

6. As much fallacious reasoning has been built upon the assumption that these statements exhibit the annual supply for consumption and the annual revenue, whereas, for the reason above stated, they do neither, we deem it necessary to submit the following analysis of the items cited by your Honourable Court, which were as follows:

	Mds.	Net Profit.
1821/22 - - -	53,79,524	1,49,07,387
1822/23 - - -	49,24,875	1,53,47,049
1823/24 - - -	50,57,447	1,29,47,397
1824/25 - - -	51,62,009	1,13,67,326
1825/26 - - -	46,13,516	1,13,46,825

Now these items analyzed, stand as follows:

	Quantity of Salt.	TOTAL.	Net Profit.	TOTAL.
1821/22:				
Agency Salt of 1827 manufacture, sold in six sales of 13 months, March to March - -	40,82,733	- -	1,13,83,983	
Imported Salt at Sulkea, viz. Cuttack, Madras, Permit, Bombay and Rock Salt; also 9,302 maunds of confiscated Salt, sold between the 1st May 1821 and 30th April 1822 - -	10,49,566	- -	27,71,693	
Salt sold by retail in Cuttack, between 1st May 1821 and 30th April 1822 - - -	2,47,225	- -	3,35,925	
		53,79,524		1,44,91,602
Deduct French Convention in money - -	- -	- -	- - -	3,94,215
				1,40,97,387
1822/23:				
Agency Salt of 1828, sold from March 1822 to April 1823, 14 months - - - - -	35,77,381	- -	1,18,06,550	
Sulkea imported and confiscated Salt, sold from 1st May 1822 to 30th April 1823 - -	10,64,212			
Cuttack retail Salt, sold from May to April, ditto	2,83,282			
		49,24,875		1,51,87,476
Add amount penalty received from Salt Merchants, after deducting Convention to French Government - - -	- -	- -	- - -	1,59,573
				1,53,47,049
1823/24:				
Agency Salt of 1829, sold from March 1823 to April 1824, 14 months - - - - -	36,54,485	- -	1,04,83,777	
Sulkea imported and confiscated Salt, sold from 1st May 1823 to 30th April 1824 - -	11,67,734	- -	26,71,185	
Salt sold by retail, in Cuttack, from May 1823 to April 1824 - - - - - -	2,35,228	- -	2,45,490	
		50,57,447		1,33,69,452
Deduct paid to French Government as per Convention, and premium to Salt Merchants - - - - - - -	- -	- -	- - -	4,22,055
				1,29,47,397
1824/25:				
Agency Salt of 1830, sold from March to December 1824 - - - - - - -	35,58,127	- -	89,26,223	
Sulkea imported and confiscated Salt, sold from May 1824 to April 1825 - - - -	13,10,763	- -	26,73,443	
Salt sold by retail, in Cuttack, from May 1824 to April 1825 - - - - - -	2,93,119	- -	2,99,601	
		51,62,009		1,18,99,267
Deduct paid to French and Danish Governments on account of Convention, as also the amount awarded in mitigation of penalty - - - - - - -	- -	- -	- - -	5,31,941
				1,13,67,326
1825/26:				
Agency Salt of 1831, sold from March 1825 to April 1826 - - - - - - -	26,23,359	- -	76,65,714	
Sulkea imported and confiscated Salt, sold from May to ditto - - - - - - -	16,26,513	- -	35,91,105	
Salt sold by retail in Cuttack, from May 1825 to April 1826 - - - - - - -	3,63,644	- -	3,35,993	
		46,13,516		1,18,92,812
Deduct paid to French and Danish Governments on account of Convention, and for Salt destroyed by hurricane - -	- -	- -	- - -	5,45,987
				1,13,46,825

7. From

7. From the above statement your Honourable Court will observe, that the variation of quantity depends mainly on the quantity of agency Salt brought into the account; in other words, on the productiveness of the manufacture of the year. The following further detail for the first and last years of the statement which exhibit the extremes in respect to quantity, will explain the manner in which the apparently deficient supply of the last year was made up to the consumer; for it is a remarkable circumstance that these two years, compared with reference to the quantity of Salt advertised for sale, and actually sold in them respectively, exhibit a result the direct reverse of that on which your Honourable Court have argued. The quantity of Salt sold in 1821-22, that is, between the 1st of May of 1821 and the 30th of April 1822, was only 47,00,000; whereas, in the same period of 1825-6, there were 50 lacs of maunds sold, as will be seen noted in the statement:

1821-22.	AGENCY SALT OF			Imported Salt and Confiscated.	TOTAL Advertised Amount.	
	1826.	1827.	1828.			
Salt Sale of March 1821 -	1,08,000	7,92,000	- -	2,00,000	11,00,000	Last Sale of the year of account, 1820-21.
Ditto - May -	- -	9,30,252	- -	2,69,748	12,00,000	
Ditto - July -	- -	10,00,347	- -	1,99,653	12,00,000	
Ditto - Sept. -	- -	5,40,000	- -	1,60,000	7,00,000	
Ditto - Dec. -	- -	4,98,044	- -	2,01,956	7,00,000	
Ditto - March 1822 -	- -	3,07,558	3,91,769	2,00,673	9,00,000	
		40,68,201	* and loss by accident	17,222	47,00,000	
* Add sold to the French, with small retail Sale at Tumlook, Bullooah, and Chittagong - -	- -	14,531	Marine and Isle of France	314		
		40,83,732		10,49,566		

* These small items are added to balance the Account, and make the items correspond with the previous Statement.

8. From the above statement it will be seen that the March sale of 1821, which did not enter into the period of account by which the imported Salt of the year is calculated, contributed no less a quantity than 7,92,000 maunds towards the aggregate of agency Salt included in the item quoted by your Honourable Court, because that quantity of the year's manufacture was then sold, the remnant of the preceding year's produce 1,08,000 maunds, which, with two lacs of imported Salt, made up the sale allotment of March 1821, 11 lacs had been brought to account in the preceding year, as belonging thereto. Again, in the sale of March 1822, the manufacture having been favourable, the remnant of 1827 Salt for sale was 3,07,558 maunds, to which only 3,91,769 of the following year's produce required to be added to complete the sale allotment; but this latter quantity, like the 7,92,000, of the preceding March, remained to be carried to account with the rest of the produce of the same year, in the next annual statement of profit realized.

9. In 1825-26, 50 lacs of maunds were, as above stated, advertised to be sold in monthly sales; that is, in 12 sales from the 1st May 1825, to the 30th April; but the Salt of 1831 was brought forward at the two preceding sales of March and April 1825. The result of these two months have therefore been included, in order to show the distribution of the year's produce, which, from inundation and unfavourable weather, was only Mds 26,23,359. On the other hand, the proportion of Salt taken from the production of the following year to make up the allot-

IV. Administration of Monopolies. Salt.

ments of the last sales of the year (1825–6), is excluded from the statement, and remains for that of the following year, when the operations of the Salt season 1232 might be under review.

1823-26.	AGENCY SALTS. SALT OF 1230.	SALT OF 1231.	SALT OF 1232.	SULKEA Imported and Confiscated.	TOTAL of each SALE.
Salt sale of March - 1825 -	none remaining.	3,59,726	- - -	40,274	4,00,000
Ditto - April - -	- - -	2,80,000	- - -	1,20,000	4,00,000
Ditto - May - -	- - -	2,50,000	- - -	4,50,000	4,00,000
Ditto - June - -	- - -	2,79,198	- - -	2,20,802	4,00,000
Ditto - July - -	- - -	2,75,000	- - -	2,25,000	4,00,000
Ditto - August -	- - -	3,36,777	- - -	63,223	4,00,000
Ditto - September -	- - -	2,55,000	- - -	1,45,000	4,00,000
Ditto - October -	- - -	1,99,736	- - -	2,00,264	4,00,000
Ditto - November -	- - -	2,18,000	- - -	1,82,000	4,00,000
Ditto - December -	- - -	1,10,400	1,66,000	1,23,600	4,00,000
Ditto - January - 1826 -	- - -	4,000	2,62,000	1,34,000	4,00,000
Ditto - February -	- - -	1,000	2,55,000	1,44,000	4,00,000
Ditto - March -	- - -	14,664	2,84,897	1,00,439	4,00,000
Ditto - April -	- - -	18,034	2,50,999	1,30,967	4,00,000
		26,01,136	12,18,896	18,19,295	50,00,000
			Add Transfer -	4,348	
				18,23,643	
Add sales to French, and small retails as above -		22,224	Deduct transferred in account agency Salt being delivered instead, deficiency included - -	1,97,130	
		26,23,359		16,26,513	

10. The transfer deducted from the quantity of Sulkea Salt was mainly an exchange made on the application of the merchants of agency for Coast Salt on their paying the difference of price. The agency Salt given was of course of the season 1823, so as not to fall within the account of this year. That of the following season was, however, proportionably enhanced. We take this occasion to refer your Honourable Court to the result of the two years following, 1825-6, which unless the manner in which the statements are prepared were understood, might justify

justify our citing them as affording triumphant proof of the prosperous condition into which this item of revenue had subsequently been brought.

	Mds.	Mds.	Rs.	
1826/27:				
Agency Salt of 1232, sold from December 1825 to April 1826, 17 months - -	33,51,141	- - -	1,05,20,467	
Sulkea Salt, viz. Cuttack, Madras, Permit, Rock, Mocha and confiscated Salt, sold from May 1825 to April 1826	16,67,956	- - -	48,28,325	
Salt sold by retail in Cuttack, from - ditto to - ditto -	3,38,974	- - -	2,72,827	
		53,58,071		1,56,21,619
Deduct paid to French and Danish Governments, on account of convention, &c. -	- - -	- - -	- - -	4,94,753
			Sa Ra	1,51,26,866
1827/28:				
Agency Salt of 1233, sold from March 1826 to April 1827, 14 months - - -	38,64,572	- - -	1,24,04,884	
Sulkea Salt, viz. Cuttack, Coast and confiscated Salt, sold from May 1826 to April 1827 - - -	20,49,275	- - -	59,14,258	
Salt sold by retail in Cuttack, from - ditto - ditto - -	2,84,666	- - -	2,90,031	
		61,98,513		1,86,09,173
Deduct paid to French and Danish Governments, on account of Convention, &c. -	- - -	- - -	- - -	3,30,988
			Sa Ra	1,82,78,185

11. In reply to the Letter of the Board forwarding the results for the year 1827-28, we pointed out that these statements afforded no just criterion either of the quantity of Salt given out for consumption, or of the revenue realized in a given period. We hope we have made the causes of this intelligible to your Honourable Court.

12. Since, however, it is of the utmost importance that, in considering a subject of this nature, the facts which are to form the basis of argument should be clearly set forth, we hope to be excused for anticipating the review of our proceedings about to be submitted, so far as to include the following statement, which formed an enclosure in a Letter from the Board, dated 9th July last, and was prepared with the specific object of showing how the consumption of the country had been supplied since the first establishment of the present system of management for this item of revenue. We beg to refer to it, as exhibiting the only correct data upon which any conclusion can be drawn as to whether the population have been adequately supplied with Salt, or the contrary, at any given period, and as it was prepared from the Gold returns with great care, we have no reason whatsoever to doubt its accuracy.

Sep. Cons. 25 Aug. 1829. No. 10.

STATEMENT of the Consumption of SALT in *Bengal*, - - - -

YEAR	Salt Sold, but remaining uncleared in the Golahs on 31st January of preceding Year.	Quantity of Salt sold by Public Auction in the Year.	Total Quantity of Salt available, and which it rested with the Purchasers to clear.	Quantity of Salt Consumed in those Provinces which were with the Honourable Company's Salt				
				Salt cleared out of the Honourable Company's Golahs.	Retail Sales at			Salt supplied to the French Government.
					TUMLOOK.	JESSORE.	BULLOOAH.	
	1.	2.	3.	4.	5.	6.	7.	8.
1790 - -	- - -	31,09,000	31,09,000	31,09,000	- -	- -	- -	- -
1791 - -	- - -	30,15,735	30,15,735	30,15,735	- -	- -	- -	- -
1792 - -	- - -	32,50,000	32,50,000	32,50,000	- -	- -	- -	- -
1793 - -	- - -	35,66,231	35,66,231	35,66,231	- -	- -	- -	- -
1794 - -	- - -	34,00,000	34,00,000	30,20,967	- -	- -	- -	- -
1795 - -	3,79,033	36,00,000	39,79,033	57,77,957	- -	- -	- -	- -
1796 - -	2,01,076	36,00,000	38,01,076	34,29,774	- -	- -	- -	- -
1797 - -	3,71,302	33,50,000	37,21,302	35,09,137	- -	- -	- -	- -
1798 - -	2,12,165	34,00,000	36,12,165	32,34,662	- -	- -	- -	- -
1799 - -	3,77,503	34,00,000	37,77,503	32,27,693	- -	- -	- -	- -
1800 - -	5,49,810	34,00,000	39,49,810	32,44,945	- -	- -	- -	- -
1801 - -	7,04,865	30,00,000	37,04,865	33,56,420	- -	- -	- -	- -
1802 - -	3,48,445	35,00,000	38,48,445	35,20,302	- -	- -	- -	- -
1803 - -	3,28,143	39,00,000	42,28,143	37,96,662	- -	- -	- -	- -
1804 - -	4,31,481	40,00,000	44,31,481	38,90,900	- -	- -	- -	- -
1805 - -	5,40,581	41,00,000	46,40,581	42,07,181	- -	- -	- -	- -
1806 - -	4,33,400	42,00,000	46,33,400	41,55,178	- -	- -	- -	- -
1807 - -	4,78,222	43,00,000	47,78,222	44,86,514	- -	- -	- -	- -
1808 - -	2,91,708	44,00,000	46,91,708	42,22,250	- -	- -	- -	- -
1809 - -	4,69,458	44,00,000	48,69,458	42,41,974	- -	- -	- -	- -
1810 - -	6,27,484	45,00,000	51,27,484	44,21,117	- -	- -	1,275	- -
1811 - -	7,06,367	43,00,000	50,06,367	43,01,183	- -	- -	611	- -
1812 - -	7,05,184	46,00,000	53,05,184	45,50,298	- -	- -	678	- -
1813 - -	7,54,886	46,00,000	53,54,886	43,63,683	- -	- -	40	- -
1814 - -	9,91,203	44,00,000	53,91,203	43,12,741	- -	- -	10	- -
1815 - -	10,78,462	42,00,000	52,78,462	43,81,996	- -	- -	1,200	- -
1816 - -	8,96,466	45,00,000	53,96,466	46,26,578	50	- -	25	- -
1817 - -	7,69,888	44,00,000	51,69,888	43,31,863	500	- -	1,150	- -
1818 - -	8,38,025	47,00,000	55,38,025	46,41,102	100	- -	975	12,000
1819 - -	8,96,923	48,00,000	56,96,923	49,48,129	150	- -	651	12,000
1820 - -	7,48,794	49,00,000	56,48,794	46,22,279	50	- -	187	- -
1821 - -	10,26,515	49,00,000	59,26,515	46,38,392	25	- -	646	12,000
1822 - -	12,88,123	46,00,000	58,88,123	45,91,678	150	- -	2,527	12,000
1823 - -	12,96,445	50,00,000	62,96,445	47,57,391	200	- -	736	12,000
1824 - -	15,39,054	50,00,000	65,39,054	51,34,460	200	- -	720	9,000
1825 - -	14,04,594	50,00,000	64,04,594	48,64,030	300	283	1,860	9,000
1826 - -	15,40,564	47,00,000	62,40,564	45,01,716	100	3,423	14,278	12,000
1827 - -	17,38,848	47,00,000	64,38,848	51,12,709	50	9,546	17,291	12,000
1828 - -	13,26,139	46,00,000	59,26,139	44,49,506	50	1,319	7,729	12,000

\- - - *Behar* and *Orissa*, from 1790 to 1828, both Years inclusive

intended to be supplied in 1790.		Quinquennial and Annual Average Increase in the Supply.	Average Price per 100 Maunds Salt, sold at the Honourable Company's Sale.	Retail Sale of Salt at Reduced Prices			TOTAL SUPPLY of LICIT SALT of every Description to the Inhabitants of those Provinces, the Consumption of which was intended to be provided by the Monopoly.	YEAR
Quantity of Salt Imported on which Custom Duties were Paid.	TOTAL.			In Cuttack, when that Province was added to those intended to be supplied with Company's Salt in 1790.	At Chittagong, in consequence of the Abolition of a Local Manufacture.	TOTAL.		
9.	10.	11.	12.	13.	14.	15.	16.	
			£. s. d.					
- -	31,09,000	- - -	243 7 3	- - -	- - -	- -	31,09,000	- 1790
- -	30,15,735	- - -	216 4 10	- - -	- - -	- -	30,15,735	- 1791
- -	32,50,000	- - -	288 4 2	- - -	- - -	- -	32,52,000	- 1792
- -	35,66,231	- - -	302 7 4	- - -	- - -	- -	35,66,231	- 1793
- -	30,20,967	- - -	301 12 2	- - -	- - -	- -	30,20,967	- 1794
- -	37,77,957	Quinquennial 12,17,290	287 4 9	- - -	1,029	1,029	37,78,986	- 1795
- -	34,29,774		302 1 11	- - -	816	816	34,30,590	- 1796
- -	35,09,137		300 4 7	- - -	1,000	1,000	35,10,137	- 1797
- -	32,34,662	Annual 2,43,458	327 10 -	- - -	658	658	32,35,320	- 1798
- -	32,27,693		314 4 3	- - -	- - -	- -	32,27,693	- 1799
- -	32,44,945	Quinquennial 6,30,006	257 10 10	- - -	510	510	32,45,455	- 1800
- -	33,56,420		281 7 4	- - -	1,000	1,000	33,57,420	- 1801
- -	35,20,302		370 6 -	- - -	1,402	1,402	35,21,704	- 1802
- -	37,96,662	Annual 1,26,001	420 6 10	- - -	1,028	1,028	37,97,690	- 1803
- -	38,90,900		354 4 3	- - -	1,200	1,200	38,92,100	- 1804
- -	42,07,181	Quinquennial 35,03,868	323 5 3	- - -	1,200	1,200	42,08,381	- 1805
- -	41,55,178		321 11 10	1,42,442	1,200	1,43,642	42,98,820	- 1806
- -	44,86,514	Annual 7,00,773	362 12 11	91,744	1,202	92,946	45,79,460	- 1807
- -	42,22,250		374 - 10	1,15,550	1,060	1,16,610	43,38,860	- 1808
- -	42,41,974		331 - 10	1,14,373	1,175	1,15,548	43,57,522	- 1809
- -	44,22,392	Quinquennial 6,38,536	335 12 8	1,17,514	- - -	1,17,514	45,39,906	- 1810
- -	43,11,794		349 2 4	87,987	1,000	88,987	43,90,781	- 1811
- -	45,50,976	Annual 1,27,707	331 5 9	1,35,212	1,225	1,36,437	46,87,413	- 1812
- -	43,63,720		326 1 11	1,37,470	1,773	1,39,243	45,02,963	- 1813
- -	43,12,751		306 11 10	1,49,539	1,210	1,50,749	44,63,500	- 1814
- -	43,83,196	Quinquennial 10,31,388	312 9 10	1,70,008	940	1,70,948	45,54,144	- 1815
- -	46,26,653		326 3 9	1,32,777	1,235	1,34,012	47,60,665	- 1816
- -	43,33,513	Annual 20,67,277	381 1 -	1,26,497	1,165	1,27,662	44,61,175	- 1817
- -	46,54,177		341 - 10	2,16,405	906	2,17,311	48,71,488	- 1818
24,652	49,84,582		329 1 5	2,54,508	890	2,55,398	52,39,980	- 1819
13,740	46,35,256	Quinquennial 8,46,717	333 11 2	2,51,986	977	2,52,963	48,88,219	- 1820
936	46,51,999		358 2 6	2,47,224	1,859	2,49,083	49,01,082	- 1821
11,889	46,18,244	Annual 1,69,343	418 15 4	2,76,026	1,066	2,77,092	48,95,336	- 1822
6,061	47,76,388		385 2 3	2,35,227	1,069	2,36,296	50,12,684	- 1823
3,518	51,47,898		352 13 11	2,96,031	1,890	2,97,921	54,45,819	- 1824
19,087	48,94,560	Annual Increase 1,036	391 11 1	3,64,119	10,380	3,74,499	52,69,059	- 1825
9,117	45,40,634		410 11 11	3,38,973	36,036	3,75,009	49,15,643	- 1826
- -	51,51,598	Average p' An. 47,66,982	415 3 1	2,84,664	87,974	3,72,638	55,24,236	- 1827
10,538	44,81,142		379 1 3	2,77,700	58,838	3,36,538	48,17,680	- 1828

IV. Administration of Monopolies. Salt.

13. We do mean in this place to draw attention to the facts established by this Statement; we have introduced it mainly for correction of the view taken by your Honourable Court, as to the state of the supply for consumption, arguing from the number of maunds upon which the annual account of profit was made up.

14. It is time, however, to place before your Honourable Court the correspondence we have alluded to above, as having taken place with the Board of Customs, Salt and Opium, on the subject of the future management of this branch of revenue.

Sep. Cons. 26th Nov. 1828. No. 4 to 6.

15. In submitting, for our orders, their report on the arrangements to be made for supplying Salt, and for conducting the sales of the year 1829, the Board renewed the discussion commenced in the report of the preceding year, to which we have above referred.

16. The questions agitated by the Board on this occasion, and submitted for our determination, were the following:—

First. The extent of supply required for the year's consumption of Bengal and Behar, and the quantity to be provided with reference to the wants of the population on one hand, and to the necessity, on the other, of maintaining the revenue:

Secondly. Whether both objects could best be accomplished under the plan of annual allotment for sale at prices regulated by open competition, Government fixing the quantity to be exposed to sale, or by Government fixing a price and opening the golahs to the public to take as much off at that price as the wants of the population might require:

Thirdly. Supposing the plan of fixed annual sales to be adhered to, how many should be made in the year, and at what periods:

Fourthly. An alteration was proposed in the form of the order to be delivered to a purchaser, on payment for his lot, whereby the order would become a negotiable security in law, which it was not before; and a condition was proposed to be added, that objections to the quality of the Salt should not be received after a year:

Fifthly. The Board submitted the necessity of limiting and restricting the supply of the coming year, which, through the productiveness of the past season, threatened to be excessive.

Sep. Cons. 21st Nov. 1828. No. 7.

17. Our reply discussed each of these points separately. We admitted the truth of the Board's remark, that the sales were not so good a criterion of the quantity required by the regulation, as the aggregate quantity cleared from the golahs and carried into the Interior. Upon an average of twenty years, this last criterion showed a consumption of about 45 ½ lacs of maunds per annum; while the quantity sold averaged nearly a lac in excess of the clearances. Building on this fact, joined to an estimate of the population, and of the consumption per head for the tract within which Salt of the Calcutta sales is consumed, the Board of Customs, Salt and Opium, assumed that after the large clearance made in 1827/28, consequent upon the payment of a premium on exportation, with other measures taken in the course of the year, having a tendency to force the clearances, a larger quantity than 45 lacs of maunds could not be required for purposes of human consumption, and that if more were offered in the year, a glut would be the consequence, attended with a fall of price most injurious to the revenue.

18. However unwilling to have recourse to measures directed to a diminution of the supply of this necessary of life for the purpose of upholding the revenue, we were compelled to admit that the reasoning and facts offered by the Board afforded grounds to apprehend that an extension of the supply beyond the quantity stated would be hazardous to the revenue. In the present state, therefore, of the public finances, dependent as the Government was on the productiveness of this branch of its resources, we conceived it would be imprudent to adopt any basis of calculation for the measures of the coming year that might not offer security in this respect.

19. We approved, therefore, the recommendation of the Board that 45 lacs should be assumed as the probable want of consumption in the year, conceiving ground to have been shown for concluding that if the plan of prompt clearance after

after public sale, and no cancelling of purchases were acted upon, it would not be safe to throw a larger quantity into the market.

20. Upon the assumption that 45 lacs was all that could be taken off, the question that next arose was, whether it would be more beneficial to allow this to find its way into the Interior by fixing a price, on payment of which any dealer should be entitled at any time to receive Salt in any quantity, or to sell the quantity so assumed to be sufficient, as heretofore. Doubtless, as observed by the Board, the season was favourable for trying the experiment of a fixed price, for the quantity in store was so large as to preclude the possibility of the whole being bought up for the purpose of establishing a sub-monopoly. Nevertheless we were of opinion that the departure from the established course, as it must operate to derange in some degree the existing methods of supplying the Interior, would not be free from risk, and there was reason to believe that under the knowledge of the necessity of clearing Salt actually purchased, there would be a stimulus for carrying the article into the Interior, which not being felt under the assurance of always being able to obtain it when wanted for a speculation, would operate to make the plan of fixed sales more favourable for the consumer than that of fixed prices; besides that the former was in many respects more favourable to the revenue. On the whole, therefore, although we should be very desirous of giving to the plan of a fixed price a fair trial if the circumstances of Government would allow of the experiment, we resolved that at the period we speak of, and we think the same of the present time, it would have been injudicious to make any deviation from the usual mode of conducting the business of the departments. The quantity of Salt therefore to be offered for sale we restricted to 45 lacs, and the Board were directed to advertise and bring it to sale as heretofore.

21. The Board recommended, with a view to give certainty to the speculations of purchasers, that only six sales should be made in the year, but we were not quite satisfied with the grounds of this recommendation. The difficulties experienced in the course of the year then passing were not so much ascribable to the number of sales as to their being equal, and not arranged so as to suit the most favourable periods of communication between the Interior and the golahs, where the Salt sold was in store. Under a more judicious allotment for sale, varying according to the average clearances of past years from the golahs of the different tracts of country, we were inclined to think the plan of monthly sales the most beneficial, as well to the public as to Government. The Board were therefore desired to alter the advertisement in this respect, and both to apportion the quantities and fix the places on the principle above explained.

22. The explanation of the Board as to the disadvantage of leaving the negotiability of the Salt orders in doubt, satisfied us of the propriety of the proposed change on that head. The advantage drawn in the prosecution of those concerned in the late frauds, from the form heretofore in use not being assignable in terms, afforded no reason for continuing it; for, as observed by the Board, those committing frauds hereafter, being aware of the circumstance, would guard against the consequence.

23. With respect to the condition proposed to be inserted, that lots should not be rejected on the pretence of inferior quality, unless the objection were made within a year, there could be no reason for not publishing the condition, but unless each lot was separately stored in the golahs, which was of course out of the question, there would, we thought, be difficulty in its application. The better way of meeting this difficulty appeared to be, to add a proviso that the objection should not be listened to after a year, "provided that merchantable Salt of any kind were tendered." In the existing abundance of the article, no difficulty could be anticipated in fulfilling such a condition, while it would prevent the cancelling of a sale, and thus withholding the article from the consumers; the point, however, was left to be arranged according to the Board's discretion.

24. On the fifth and last point we found some difficulty in coming to a distinct conclusion. It appeared evident that if a manufacture at the agencies and in Cuttack, at all approaching that of the past season, could be reckoned upon for a constancy, the supply from these sources only would equal if not exceed the

IV. Administration of Monopolies. Salt.

demand for consumption, and the necessity of any importation from the coast, or from other quarters, would altogether cease. This trade, however, had nourished and given encouragement to a most useful class of speculators, natives of the country and others, who, bringing up Salt, carry back rice and other cheap produce of Bengal, to the manifest advantage of both provinces.

25. The measures proposed by the Board for restricting the manufacture as much as could conveniently be done at the most expensive aurungs of the several agencies, and for limiting the importation from Cuttack in the coming year, were entirely approved. Before, however, finally determining on the course to be adopted in respect to the imported Salt, we deemed it indispensable to consult the Madras Government, in order that it might be ascertained, by reference to the local officers and other well informed sources, what was the lowest limit that could be fixed for the importation of Coast Salt, without inflicting serious injury on the classes of traders engaged in the transport, who, having been encouraged by the practice of successive years to hope for a regular demand for their shipping through the supply of the article to this Presidency, were entitled to indulgent consideration. Upon this point, therefore, we stated that the final determination of Government would hereafter be communicated to the Board. We shall presently recur to the subject.

26. In conformity with these principles, we approved the advertisement for the sales of the year, with reservation to the two points referred to the Board for reconsideration.

27. The Madras Government, to whom we immediately made a reference with a view to learn their sentiments as to the limit that might expediently be put on the importation of Salt from the coast, replied in a Letter from their Secretary, dated 9th June last, recorded as per margin, giving cover to a Report from the Board of Revenue at that Presidency on the subject. After strongly representing the injury all the classes engaged, either in the manufacture or transport of the article, must suffer by a suspension of the trade, the Governor in Council submitted that if a limitation of the import in Bengal were indispensable, the minimum quantity should not be fixed lower than 8½ lacs of Bengal maunds. We forwarded this Letter and its enclosures to the Board of Customs, Salt and Opium, desiring to learn their sentiments on the proposition of the Madras Government.

Sep. Cons. 25 August 1829, No. 6 to 8.

28. In the Letters from the Board, dated 9th July and 15th of August last, will be found their further sentiments on the several questions adverted to above. In these Letters, the state and prospects of the Salt revenue were again fully entered into, and the points in regard to which the information before submitted was defective, were investigated and set before us, with a body of evidence to which we felt it to be very difficult to refuse credence.

Sep. Cons. 25 Aug. 1829, No. 9 to 22.

29. The points argued in the first cited Letter were the following:—

First. That the tract of country supplied with Salt from the Calcutta sales having been the same uniformly from the date of the establishment of the monopoly to the present day, had been always supplied with Salt adequate to the wants of the population; and that the increased supply shown by the annual returns of golah clearances had been commensurate with any increase that could be assumed for that of the population in the period:

Second. That the price at which the Salt reaches the consumer under the present system is not burthensome to the lower orders, and does not operate to stint their consumption, which the Board argued is fully equal to their wants, and has always been so; moreover that the price of the present day, though higher than at the early periods of the monopoly, and yielding a proportionately higher revenue, has not increased in any thing like the same ratio as that of grain and labour; and the augmented price must not therefore be regarded as pressing on the people with severity, since they now obtain their Salt at a smaller proportionate sacrifice of income than when it was nominally lower. As connected with this branch of the subject, fresh facts will be perceived to be adduced, and corroborating statements furnished in proof that the consumption was before correctly estimated by the Board at 6 seers per annum for each individual of the population:

Third. That the efforts of the Government to increase the supply to the consumer by augmenting the sales, and endeavouring to force an early clearance

clearance of the quantity sold, had had the effect of anticipating the revenue, and absorbing capital without sensibly increasing consumption. The arrear of sold but uncleared Salt having gradually accumulated nearly in proportion to the increased quantity sold in excess of the assumed consumption demand:

Fourthly. That the existence of this arrear afforded conclusive evidence that the consumption demand was every where supplied at present, and Salt provided for all purposes it could be applied to, while subject to the present rate of tax, because in the contrary case it must be supposed that the merchants found their profit in leaving the capital they had advanced for the purchase locked up without return, while a market was available to them:

Fifthly. It was argued, from the above principles, that the existing Salt revenue was not capable of increase, by any extension of the supply to the population now furnished from the Calcutta sales; indeed, that to maintain the existing revenue, it would be necessary to watch the *clearances* in future, and adapt the sales to the condition of the arrear of purchased but uncleared Salt which might have accumulated, diminishing rather than increasing the quantity exposed to sale, until the present arrear should be considerably reduced:

Sixthly. The Board closed the Letter in question by a proposition which seemed to follow from the above reasoning; viz. that if it were desired to increase the existing revenue derived from Salt, it must be done by extending the same rate of tax to other tracts of country beyond those now furnished through the Calcutta sales; and it was pointed out that this might be done in respect to the Benares Province, either by pushing westward the Chokees established on the Behar frontier, and so excluding the western Salts altogether from Benares, or by levying at Allahabad a transit duty nearly commensurate with that realized through the sales in Bengal and Behar.

30. In the Board's Letter dated 15th August last, they applied the principles above set forth, and those maintained in their previous Letter of the 8th November 1828, to the existing condition of the manufacture and store of the article, and adverted particularly to the proportions of the year's supply of Salt to be obtained from the coast.

31. They argued, first, that the reports of illicit dealings in Salt were much exaggerated, the proof of which was, that an increasing quantity of Ruwana Salt had latterly been disposed of for consumption in the tract nearest to the site of manufacture, viz. between the Golahs and the outer or most distant Chokees, and that Salt could find no market at all in the tract in question if the article were supplied illicitly at the price of manufacture as asserted, consequently that an extension of the sales, in order to provide cheaper Salt to displace the contraband within the protected limits, was uncalled for, and would injure the revenue.

Secondly. Assuming 46 lacs of maunds, or thereabouts, to be the supply required for consumption in the tract supplied from the sales, and comparing this with the manufacture of late years, the Board found the Bengal agencies to have been brought to yield nearly 40 lacs of maunds of punga Salt, besides the produce of Cuttack, whence in the past year 8,87,000 maunds were imported at Sulkea, so that it was evident that punga or boiled Salt could be produced in sufficient quantity to furnish the entire sales if so deemed advisable. Moreover, from a statement furnished of the cost of production and profit at each agency, it was shown that, compared with Coast Salt, that of Bullooah and Chittagong only was less productive in a revenue point of view, and that the unfavourable result at these agencies was mainly owing to the introduction of a calamitous season into the period of average; that for revenue purposes, therefore, the production of punga or agency Salt was more advantageous than importation, and that an increase of manufacture at Hidgellee, and the most productive agencies, would at any rate be preferable to a resort to the coast.

Thirdly. The Board, however, considered a certain quantity of solar evaporation or Coast Salt to be required for the wants of the population, and they assumed that the annual sales should include not less than six lacs of maunds of Salt of that description. The manufacture of punga

IV. Administration of Monopolies.

Salt.

Salt was therefore argued to be excessive if carried much beyond forty lacks for both the Bengal and Cuttack agencies.

Fourthly. It is hence concluded, that the manufacture of punga or boiled Salt must be discouraged and reduced throughout the agencies until brought to yield about 35 lacs of maunds in Bengal, and five in Cuttack, which, with six lacks of imported Coast Salt, is the limit of quantity required for annual sale.

Fifthly. There appeared to have resulted from past over-production and import, a total store of 32 lacs of maunds not included in the sales, exceeding by 22 lacs the store required to meet defects of season and other contingencies; consequently, independently of the measures required to be taken to make production keep pace with the probable requisitions for sale annually, some special measures seemed to be indispensable to get this excess of store taken off for consumption.

Sixthly. The Board conceived that this could only be done by reducing manufacture in the coming season to a point very considerably below that assumed for ordinary supply, and whereas 35 lacs was the quantity so assumed for the Bengal agencies, the taeedad, or contracts, must be reduced to 25 lacs of maunds for the ensuing two seasons, to enable the sales to take off in both the present excess of 22 lacs in store.

Seventhly. The existing store of Coast Salt not being estimated at more than two lacs of maunds, the Board recommended an import of six lacs to be authorized from Madras for the ensuing, and the same for subsequent years.

Eighthly. Authority was solicited for ordering a rateable diminution of the taeedads, or engagements, to be entered into with Molunghees in September of the year, to a scale making for the Bengal agencies, a total supply of only 25 lacs, and from Cuttack five lacs.

Ninthly. The Board promised a revision of the state of things in every aurung at each agency, preparatory to an adjustment of reduction on a permanent footing hereafter, on the principle of discontinuing manufacture where the cost of production was highest, and maintaining it where the profit yielded was the largest, and they professed the intention to make it their study to provide hereafter, that the quantity of Salt available each year, through manufacture and import, should always suffice for the sales, and the quantity sold for consumption without producing an accumulation of Government store unsold on the one hand, or of uncleared lots on the other, both being considered evils pregnant with great inconvenience, and some loss.

32. The recapitulation of these heads will show your Honorable Court the wide fields of argument and illustration opened by the two Letters of the Board above referred to, we were not prepared to decide upon the expediency of adopting all the reasoning of the Board as the basis of future measures for the conduct of the Department. But on consideration of the statements and information furnished by the Board, and of the sentiments which they had expressed, we resolved to dispose of the specific propositions submitted by instructions to the following effect: —

First. With respect to the suggestion for subjecting the Province of Benares to a tax on Salt equal to that levied by the present system in Bengal and Behar, we referred the point to the Advocate General, in order to ascertain how far the Salt duty of the Western Provinces could be considered to come within the provisions of Section xxv. of the Act 53 of his late Majesty. The determination of Government as to the course to be adopted on this proposition was therefore necessarily suspended until receipt of Mr. Pearson's reply to this reference, to which we shall presently revert.

Secondly. With respect to the permanent reduction of the manufacture in Bengal and Cuttack to a total quantity of 40 lacs, (35 for the former and five for the latter,) we apprehended that so long as there should be reason to believe that the consumption demand at the existing prices would not much exceed 46 lacs, it would be necessary to keep this limit in view in the management of the concerns of the department; but no immediate resolution

of

of Government on the subject was required; indeed the Board promised a further communication in respect to the application of this principle, and the final determination of Government might, we conceived, well wait the result of the further investigation to be instituted.

Thirdly. The importation from the coast was fixed by the Board at about six lacs per annum permanently, commencing from the ensuing year; we approved this suggestion, and made the requisite communication to the effect to the Government of Fort St. George. We entirely concurred with the authorities of that Presidency in attaching importance to the encouragement of the coasting trade, supported by the demand for this kind of Salt existing in Bengal, and were sensible that the fixation of the quantity of Salt to be annually imported, must have the most beneficial effect to all parties concerned.

Fourthly. With respect to the reduction of the Bengal agency taeedads to a total of 25 lacs for the next two years, which was deemed necessary by the Board to enable the sales to take off, in the course of this period, 20 lacs of the existing store in excess of 10 lacs. We looked upon this proposition as a very strong measure, seeing that the manufacture of the Bengal agencies had heretofore stood at nearly 40 lacs. Nevertheless in the reported state of the *store* unexposed to sale, which appeared to stand as high as 32 lacs of maunds, we did not see any other course that could be pursued to relieve the golahs, and adapt the production to the wants of the country. The Board were accordingly authorized to instruct the Salt agents to diminish their taeedads in the proportion suggested. Should difficulty, however, be experienced in carrying the measure through, or should a less injurious mode of effecting the object proposed occur while the reduction might be in progress, we desired the Board to submit another reference on the subject. It would be right, we stated, to put the several agents in full possession of the above views, and to let them see the nature of the difficulties experienced or apprehended from the existence of the present excess of store, in order that their zealous co-operation might be secured in effecting the reduction, and that the Board might have the advantage of any suggestions which their acquaintance with the details of the department might enable them to offer.

33. The above were the only points specially submitted for our orders. Although we avoided entering on the general views and principles advocated by the Board, we nevertheless stated our concurrence in opinion with the Board, that the determination of the quantity of Salt to be sold in the course of the ensuing year should not be hastened; and we approved the principle by which the Board declared their intention to regulate the quantity to be advertized for sale, viz. by reference to the state of the clearances from the golahs of lots sold and paid for. It was, we thought, for obvious reasons, advisable that the information on this point, which was to guide the Board's recommendation, should extend to as late a date as could conveniently be contrived (for an anticipation of the determination as to the extent of next year's sales would encourage speculations upon increased price,) from witholding the article to the injury of the interests as well of Government as of the consumers.

34. We further informed the Board that an early opportunity would be taken to submit to your Honourable Court the correspondence which had recently occurred in respect to the condition and prospects of the Salt revenue; for the importance of the item to the finance of the country required obviously that every means should be taken to clear the principles on which it was conducted from the possibility of misconstruction.

35. Some subsequent correspondence bearing on the general questions discussed, and considered on this occasion, is referred to in the margin; and we enclose copies of such of the papers as have not been entered on the proceedings already forwarded to your Honourable Court.

Separate Cons. 23 Jan. 1829, No. 1 to 3.
20 Feb. – No. 11.
9 April – No. 6 to 10.
9 June – No 10 & 11.
7 July – No. 5 & 6.
15 Dec. –

36. On our proceedings noted in the margin, your Honourable Court will find the reply of the Advocate-General to the reference we made to him, as to construction to be put on Sec. 25, Cap. 155 of the Act 53d Geo. III., in its application to the duties levied by this Government on the Western Salts. Our object

Separate Cons. 14 April 1829. No. 2.

IV. Administration of Monopolies.

Salt.

was to learn whether it would be necessary that any enactment we might desire to pass for altering the rates of these duties, should be submitted for the sanction of your Honourable Court, and the approbation of the Board of Commissioners for the Affairs of India, before it could be made into a law.

Separate Cons. 8 Sept. 1829, No. 20.

37. The reply of Mr. Pearson refers to a previous opinion on the same point, recorded as per margin, and was clear upon the point. Construing the 25th Section of the Act, cited in connection with the preceding matter, and particularly as containing the subject of the 24th section, he looked upon the provision as intended to protect the external trade of India from any interference, by the levy of duties on the part of the local Government, at the parts and places to which traders from Europe might resort, and therefore as not applicable to the town duties levied in the interior, or to duties in the nature of the consumption duty on Salt, in the Western Provinces. Mr. Pearson added, that the places which were included in the Regulations to which we had referred him, were in the interior of the Mofussil; and he thought therefore the Government was empowered to modify the rules, and alter the rates of duty upon the several descriptions of Salt which those Regulations mentioned; and that the forms laid down in Sec. 25 of the Act were not meant to apply to the case. Mr. Pearson, however, stated the point not to be altogether free from doubt and difficulty, inasmuch as the expressions of the Act were very general. The correspondence connected with this subject will be found recorded as per margin.

Separate Cons. 13 Nov. 1828, No. 20 & 21. 14 April 1829, No. 2 & 3. 28 July – No. 6. 8 Sept. – No. 20 & 21.

38. In consequence of this opinion from our law advisers, we ordered the Board of Customs to consider again, as open questions,

First, The measures recommended by the Collector of Customs at Agra, in the year 1827, for equalizing the rates of duty on the Western Salt, which measures this Government, at the time, thought beyond its powers with reference to the Act cited above; and,

Secondly, The propositions of the Board above referred to for levying an enhanced duty on the Western Salt consumed on the Benares Province. We desired the Board to prepare and submit the draft of a Regulation, providing for both objects; considering that in the present condition of the public finances, the prospects of obtaining a considerable increase of revenue, through the adoption of one or both of the above propositions, was well deserving of attention.

Separate Cons. 13 Nov. 1829, No. 1. to 4.

39. On our proceedings of the 13th ultimo is recorded the Board's reply, submitting a draft of enactment providing for both objects. Along with it the Board forwarded a note obtained from Mr. H. Mackenzie, of the result of his inquiries on the subject of the Western Salts, made while in attendance on the Earl Amherst, in the year 1826/27. Copies of all these papers are appended as separate numbers in the packet.

40. We ordered our Secretary to revise the draft, and prepare it for publication. His note on the subject is added.

41. We resolved to adopt the Regulation as altered by our Secretary; and it was accordingly transferred to the Judicial Department, to be passed in due form. It stands N° XVI. of the Code of this year; and we anticipate that it will essentially lead to a considerable increase of revenue. With reference, however, to the doubts that may arise as to the legal competency of this Government to pass an enactment of this description, we have deemed it necessary to lose no time in bringing the subject fully before your Honourable Court, in order that the opinion of the law officers of your Honourable Court, and of His Majesty's Government in England, may be taken thereon. Moreover, to meet the possible, though we hope improbable case of our Advocate-General's construction of the Act not being confirmed, we annex a separate copy of the Regulations, drawn out in a form to receive your sanction, and the approbation of the Board of Commissioners for the Affairs of India, in the event of its being deemed necessary to re-enact the law in that form, and of your approving the measure.

We have the honour to be, &c. &c.

(signed) *W. C. Bentinck.*
Combermere.
W. B. Bayley.
C. T. Metcalfe.

Fort William, 8th December 1829.

—No. 27.—

EXTRACT LETTER, in the Separate Department, from the Governor General in Council in *Bengal* to the Court of Directors; dated 1st October 1830.

137. ON the proceedings of the annexed date is recorded a Letter from the Board of Customs, Salt and Opium, recommending to our consideration a reduced scale of 42,00,000 maunds of Salt for the ensuing year, and submitting the grounds on which the Board adopted the opinion, that while the reduced scale would tend to clear from the Company's golahs a quantity of sold Salt, but remaining on hand, and which it was desirable to throw into the market, no interference with the public comfort could be reasonably apprehended, inasmuch as including the quantity proposed to be sold, 53,00,000 of maunds would be available for the year's consumption, whereas the total clearance of any past year, even under the operation of a premium granted to encourage the removal of Salt from the Government store houses, had never approached that quantity.

138. Without entering into any discussion on the general principles which should regulate the administration of the Salt monopoly, and which question indeed it would be useless to agitate further now, we conceived that the views of the Board were, with reference to the present state of the Salt Department, and to other circumstances connected with finance and the money market of the Presidency, prudent and judicious. The Board was therefore authorized to limit the quantity of Salt to be sold at the public sales of the year under report, to 42 lacs of maunds, nor did we conceive it desirable to embarrass the transactions of the market by directing the adoption of either of the suggestions conveyed, though not recommended, in the 15th paragraph of the Board's address under notice, in the event of our deeming this supply likely to prove inadequate.

EXTRACT, Bengal Salt and Opium Consultations, 16th February 1830.

LETTER from the Board of Customs, Salt and Opium, to the Right Honourable Lord William Cavendish Bentinck, G.C.B. Governor General in Council.

MY LORD, 21 January 1830.

THE period has arrived in which it is necessary to determine the quantity of Salt to be brought to sale in the ensuing year.

2. The accompanying statements furnished to us by the Accountant, exhibit the monthly clearance of the year now drawing to a close, and the state of the golahs on the 31st ultimo, compared with that of the same date of the preceding year.

3. Your Lordship in Council will perceive that the quantity of Salt taken from the golahs and carried into the interior, between the 1st January and the end of December last, has been rather more than 45 lacs of maunds, while in the same months of the preceding year, the clearances exceeded 46 lacs. The uncleared lots again, which at the end of 1828 amounted to maunds 13,62,124, were on the 31st ultimo, maunds 13,98,724. The limitation in the present year of the sale quantity of 45 lacs of maunds, which in 1828 was 46 lacs, has prevented any very considerable extension of the balance of Salt in the Government golahs; one lac of maunds, however, has been less cleared in the year, while for the last eight months, or from the beginning of the official year, a still greater abatement is apparent; the clearances having been only maunds 32,72,223, when in 1828 they amounted to maunds 34,20,391.

4. There can be no doubt that this growing slackness in the merchants to remove their Salt has been owing to the excessive supplies of the article that have been sent into the Interior of late years, and particularly to the large clearance effected in 1827,* when a premium was granted, and other measures taken, having a tendency to force the exportation.

* Vide Statement annexed to Para. 6 of Board's Address to Government, dated 8th November 1828. The years are there calculated from the 1st February to the 31st January, what is therefore denominated 1827-28 may be more properly called 1827, as it only includes one month of the following year.

5. Our inquiries from the Salt merchants and others, ascribe the fact to the same cause, and the Reports which we recently submitted from the Commissioners of Revenue for the 14th and 20th Divisions bear out the general declaration that the markets of the Interior are still and have for some past been overstocked.

6. This state of things precludes us from recommending a large sale in the coming year. There are, however, some other circumstances to be considered.

Vide Statement in the Board's Letter of the 9th July last, which shows that of late years the quantity of Salt in the golahs has more than doubled what it used to be.

7. It seems to us of great importance to get rid of a portion of the still very heavy balances of uncleared Salt in our golahs.

8. This balance, as before stated, was on the 31st ultimo, nearly 14 lacs of maunds. We have reason to expect that the clearances of the present month and of February will keep pace with the quantity of Salt sold and to be sold in that time. Our next year's operations, therefore, have to be considered with reference to the fourteen lacs of maunds that are uncleared, and which, it is to be observed, are now in the market, available for the consumption of the population, with reservation only of such proportion as may be requisite to carry on the concern. We find from the statement above referred to in the margin, that this need not be assumed at more than three lacs of maunds; so that the difference of 11 lacs have to be added to the quantity that may be exposed to sale.

9. Such being the case, we are disposed to recommend that no more than 42 lacs of maunds be sold in the ensuing year, which would still give a total available supply of 53 lacs of maunds to the community.

Actual Clearance of Salt for the last Ten Years.

		Maunds.
From 1st Feb. to 31st Jan.	In 1820	46,22,279
	1821	46,38,392
	1822	46,03,881
	1823	46,50,605
	1824	51,25,292
	1825	44,83,749
	1826	46,50,597
	1827	49,42,912
From 1st Jan. to 31st Dec.	1828	46,18,178
	1829	45,52,442
		4,68,88,327
Average of 10 Years		Md. 46,88,832

Vide Statement above referred to.

10. This supply we hope to have proved is more than fully equal to the year's consumption, while it exceeds the total clearance of any year, even when a premium was granted to encourage exportation. The limitation of quantity, moreover, instead of producing any diminution of revenue will, we are persuaded, tend to a present increase; while the measure seems to us necessary, in order to bring back the operations of the Department to that wholesome condition, from which, in the desire to increase the supply to the consumer by extended public sales, we cannot but think there has been some deviation.

11. A sale confined only to 42 lacs of maunds would further restore confidence to the Salt merchants which, in the present state of the money market, and under the impossibility of their continuing the present scale of advance to the Government, is of the first importance; so much so indeed, that but for some relief of this sort, we should apprehend, from this cause alone, a very great reduction in our selling prices. The quantity of Salt that has been annually put up for sale of late, in spite of the accumulation of uncleared lots, has been one main cause of their embarrassments; and the influence of other events has also affected their interests. All the usual facilities under which lots have been heretotore cleared, viz. the accommodation of the public and private banks, and of the Native Shroffs, are now, we believe, granted at the most unfavourable rates, if not wholly withheld; and your Lordship in Council will be sensible of the vast disadvantage, in this respect, at which speculators would bid more, particularly with reference to the strict enforcement of the conditions of our sales, which has been more than once enjoined by the Government.

	Estimated selling Price, per 100 Mds.	Amount Estimated Proceeds.	Deduct Estimated Costs and Charges.	Estimated Net Profit.
	Sa. Rs.	Sa. Rs.	Sa Rs.	Sa. Rs.
46,00,000	340	1,56,40,000	53,82,000	1,02,58,000
45,00,000	350	1,57,50,000	52,65,000	1,04,85,000
44,00,000	360	1,58,40,000	51,48,000	1,06,92,000
43,00,000	380	1,63,40,000	50,31,000	1,13,09,000
42,00,000	390	1,63,80,000	49,14,000	1,14,66,000
41,00,000	400	1,64,00,000	47,97,000	1,16,03,000
40,00,000	410	1,64,00,000	46,80,000	1,17,20,000

12. The annexed statement exhibits the gross and net sums which may be expected to be realized according to the quantity of Salt that Government may resolve upon bringing to sale. It will be seen that the estimated net profit, from assuming the quantity we recommend of 42 lacs of maunds, as compared with a sale similar to that of the present year, is ten lacs of rupees in excess, which probably will be a consideration with the Government.

13. One great motive, however, for recommending so small a sale is, as before stated, to reduce the balance of uncleared lots.* Government have stated that they would be willing, did their finances allow, to give the experiment

* Letter from Mr. Secretary Prinsep, 21st November 1828.

periment of disposing of our Salt at fixed prices a fair trial, but to free ourselves from the greater part of the Salt that has been already sold, and is in our golahs, is obviously an essential preliminary to any change of system. The balance at the end of two years will, under such an arrangement as we propose, be reduced to what is proper, when the effect would be, that our golahs will be filled with Salt the property of Government instead of that of individuals, and it would then at any time be free to Government, if they see fit to open the golahs at a fixed price, without injuring the interests of any persons, and with the assurance that from the time of their being opened, issues of the Salt and in-comings of the Government revenue would commence immediately.

14. Government will be able to determine, by the result of the present year, how far it may or may not be expedient to continue it for another; but under any circumstances we shall be better able than we are now to hold, if it is deemed right, a large sale, without the fear of its occasioning distress to the money market, or to the dealers in this particular article.

15. The only objection to so small a sale as that of 42 lacs of maunds is a possibility that the purchasers or merchants might thereby get a command of the market, and for the sake of extravagantly high prices still hold their Salt back from the interior. This might be obviated by a clause in the advertisement, providing for the sale of an extra quantity of Salt, to any extent that may be thought right, in the event of the clearances not being found at specific periods of the year to have equalled such as are usual, or the interests of the consumers might be secured by limiting the selling price at our sales to that estimated, and by bringing forward an additional quantity of Salt if the average sale price exceeds that amount, but such a condition would perhaps render things uncertain, and be so far injurious, while we should hardly on any other account think it necessary.

16. We think it right to add on this occasion, that we have succeeded in reducing the tydaad of the Bengal agencies to twenty-five lacs of maunds in the coming year, and that of Cuttack to five lacs of maunds. The statement in the margin will show that a sale of 42 lacs of maunds will still leave our golahs burthened with a large quantity of superfluous Salt, but it will be so far satisfactory, that we shall be able to bring down the Government store to the wants of the market with less violence and distress to the manufacturing classes than might have been anticipated.

Quantity of SALT to be Manufatured in 1236.

	Maunds
Hidgellee	8,29,000
Tumlook	5,71,000
24 Pergunnahs	3,84,000
Jessore	2,98,000
Bullooah	2,78,000
Chittagong Pungah	1,40,000
Ditto Kurkutch	20,000
Maunds	25,20,000

PUNGAH SALT.

BENGAL AGENCY:	
Balance of Salt expected to be on hand after February Sale	22,14,066
CUTTACK, &c.	
Balance ditto ditto	5,79,181
	27,93,247
Ditto Forfeited Salt	1,70,000
	29,63,247
Ditto Madras, Permit and other Foreign Salt	3,35,977
Total Balance	32,99,224
BENGAL TAIDAAD:	
Of 1236 — 25,20,000	
Cuttack, &c. — 5,00,000	
	30,20,000
Madras Permit to be imported in 1830	6,00,000
Maunds	69,19,224

17. The supplies that will be required in the year from the coast have been already fixed by your Lordship in Council at six lacs of maunds.*

18. We conclude that it will not be necessary to make any alteration in the periods or number of our sales, or in their conditions, unless, indeed, your Lordship in Council should think the precaution necessary that is adverted to in the 15th paragraph. The accompanying advertisement has been drawn up in the same form as that of the current year.

19. We have thus endeavoured to place the subject in what we think the proper light before the Government. It strikes us that the measure we have recommended cannot fail of being highly advantageous, as well to the Government as to the Salt merchants, while the rate at which the article will be given out to the community is within the Government limit,† and cannot be regarded as burdensome; but we shall be most happy to give effect to any other view which your Lordship in Council may take of the matter.

We have the honour to be &c.

Board of Customs, Salt and Opium, 21 January 1830.

(signed) *G. Chester.*
H. Sargent.

* Letter from Government, 25th August last.

† At the estimated selling price of 390 per 100 maunds.

IV. Administration of Monopolies.

Salt.

No. 238.—LETTER from *J. A. Dorin*, Esq. Accountant, to the Board of Customs, Salt and Opium.

GENTLEMEN, 16th January 1830.

AGREEABLY to the orders set forth in Mr. Secretary Parker's Letter, under date 10th June 1829, I have now the pleasure to wait on the Board with the Statement of the golah clearances for December last.

I have the honour to be, &c.

Fort William, Accountant's Office, 16th January 1830. (signed) *J. A. Dorin*, Accountant.

No. 3. STATEMENT, exhibiting the Clearance, &c. of SALT from the GOLAHS of the several Agencies for the Month of December 1829, compared with the Clearances for the Month of December 1828.

	1. Quantity of sold Salt cleared in the Month of December 1829.	2. Quantity of sold Salt cleared in the Month of December 1828.	3. Total Quantity of Salt sold, cleared from the beginning of the Official Year till 31st December 1829.	4. Total Quantity of sold Salt, cleared from the beginning of the Official Year till 31st December 1828.
Hidgellee	1,18,715 – –	99,850 – –	6,42,484 30 –	5,68,944 30 –
Tumlook	97,500 – –	53,460 17 –	5,21,341 11 10	5,80,625 27 –
24 Pergunnahs	77,400 – –	41,026 1 –	5,46,877 – –	3,54,333 34 –
Jessore	47,639 – –	35,415 – –	3,04,148 – –	2,51,080 – –
Bullooah	53,000 – –	37,000 – –	2,03,162 – –	2,30,500 – –
Chittagong	21,000 – –	12,000 – –	1,15,000 – –	1,02,000 – –
	4,15,254 – –	2,78,715 18 –	23,33,013 1 10	20,87,484 11 –
Sulkea Golahs	95,750 – –	1,11,257 – –	9,39,210 29 –	13,32,907 – –
TOTAL	5,11,004 – –	3,90,008 18 –	32,72,223 30 10	34,20,391 11 –

(*continued.*)

	5. Quantity of Salt sold, but remaining uncleared, up to 31st December 1829.	6. Quantity of Salt sold, but remaining uncleared, up to 31st December 1828.	7. Quantity of Salt remaining unsold up to 31st December 1829.	8. Quantity of Salt remaining unsold up to 31st December 1828.
Hidgellee	3,80,941 10 –	3,85,518 10 –	10,50,027 24 12	6,40,254 35 12
Tumlook	3,14,466 – –	2,39,766 – –	6,57,301 14 2	5,64,200 22 2
24 Pergunnahs	1,40,155 – –	1,63,962 – –	2,34,123 20 –	3,25,955 23 –
Jessore	1,29,788 – –	90,853 – –	3,07,060 24 –	2,70,398 14 –
Bullooah	1,33,361 – –	1,24,012 – –	2,98,248 2 11	1,69,428 3 15
Chittagong	66,013 – –	56,013 – –	2,23,185 4 11	1,10,216 17 11
	11,64,724 10 –	10,60,124 10 –	27,69,946 10 4	20,80,453 36 8
Sulkea Golahs	2,34,000 – –	3,02,000 – –	11,61,069 11 –	10,36,763 – –
TOTAL	13,98,724 10 –	13,62,124 10 –	39,31,015 21 4	31,17,216 36 8

Fort William, Accountant's Office, 16th January 1830. (Errors excepted.) (signed) *J. A. Dorin*, Accountant.

No. 239.—LETTER from *J. A. Dorin*, Esq. Accountant, to *H. M. Parker*, Esq. Secretary to the Board of Customs, Salt and Opium.

SIR, 18th January 1830.

I HAVE to request that you will be good enough to lay before the Board the accompanying "Statement, exhibiting the quantity of Salt sold by public auction, and cleared from the different Golahs" in the years 1828 and 1829.

I have the honour to be, &c.

Fort William, Accountant's Office, 18th January 1830. (signed) *J. A. Dorin*, Accountant.

STATEMENT of the Quantity of SALT Cleared from the Agency and Sulkea Golahs, from 1st January to 31st December 1828, and from 1st January to 31st December 1829, with a Memorandum of the Total Quantity of Salt sold, but remaining uncleared, up to 31st December 1828 and 1829. No 5.

	Quantity of Salt sold by Public Auction in 1828.	Quantity of Salt sold by Public Auction in 1829.	Monthly Clearance of Salt in 1828.	Monthly Clearance of Salt in 1829.
	Maunds.	*Maunds.*	*Maunds.*	*Maunds.*
January	4,00,000	4,00,000	3,69,134	4,42,237
February	4,00,000	4,00,000	3,44,183	3,19,518
March	4,00,000	3,00,000	2,60,062	2,69,090
April	4,00,000	3,00,000	2,25,650	2,21,185
May	4,00,000	3,00,000	2,07,003	2,79,557
June	-	4,00,000	4,06,953	3,31,186
July	4,00,000	4,00,000	5,84,665	4,49,402
August	5,00,000	4,00,000	5,84,398	4,85,311
September	5,00,000	4,00,000	4,98,797	5,50,846
October	4,00,000	4,00,000	3,73,585	2,44,164
November	4,00,000	4,00,000	3,73,740	4,18,942
December	4,00,000	4,00,000	3,90,008	5,11,004
	46,00,000	45,00,000	46,18,178	45,22,442

MEMORANDUM.

	Maunds.
QUANTITY of SALT sold, but remaining uncleared up to 31st December 1828	13,62,124
Ditto ditto up to 31st December 1829	13,98,724

Fort William, Accountant's Office, 18th January 1830. (Errors excepted.) (signed) *J. A. Dorin*, Accountant.

LETTER from *H. M. Parker*, Esq. Acting Secretary to the Government, to the Board of Customs, Salt and Opium.

GENTLEMEN, 16th February 1830.

I AM directed by the Governor General in Council to acknowledge the receipt of your Letter dated 21st ultimo, recommending to the consideration of Government a reduced sale of maunds 42,00,000 of Salt for the ensuing year, and submitting the grounds on which you have adopted the opinion, that while the reduced sale will tend to clear from the Honourable Company's golahs a quantity of sold Salt with which they are encumbered, and which it is desirable to throw No. 7.

IV. Administration of Monopolies. — Salt.

into the market, no interference with the public comfort can be reasonably apprehended, inasmuch as that including the quantity proposed to be sold, 53,00,000 of maunds will be available for consumption; whereas the total clearance of any past years, even under the operation of a premium granted to encourage the removal of Salt from the Government store-houses has never approached that quantity.

2. Without entering into any discussion on the general principles which should regulate the administration of the Salt monopoly, and which question, indeed, it would be useless to agitate further now, Government conceive that the views of your Board are, with reference to the present state of the Salt department, and to other circumstances connected with financial considerations, prudent and judicious; you are therefore authorized to limit the quantity of Salt to be sold at the public sales of the ensuing year to 42 lacs of maunds; nor does the Governor General in Council conceive it desirable to embarrass the transactions of the market by directing the adoption of either of the suggestions conveyed, though not recommended, in the 15th paragraph of your address.

I have, &c.

(signed) *H. M. Parker,*
Acting Secretary to Government.

INDEX.

HEADS OF ANALYSIS IN THE INDEX.

OPIUM: Page of the Index, 105.

I.—*CULTURE and MANUFACTURE:*

1.—*Generally* - - - - - - - - - Index, p. 105
2.—*In particular Places* - - - - - - - - — 106
3.—*Illicit* - - - - - - - - - - — 106
4.—*Restraining Regulations* - - - - - - - — 106

II.—*TRADE:*

1.—*Exclusive Rights of the Company* - - - - — 106
2.—*General Trade* - - - - - - - - — 107
i. *In Company's Territories* - - - - - - — 107
ii. *By Treaty with other States* - - - - - — 107
iii. *Of particular Places* - - - - - - - — 107
iv. *Importation* - - - - - - - - — 107
v. *Exportation* - - - - - - - - — 108
vi. *Agencies* - - - - - - - - - — 108
vii. *Illicit Trade* - - - - - - - - — 108

III.—*REVENUE:*

1.—*Duties* - - - - - - - - - - — 108
2.—*Regulations* - - - - - - - - - — 109

IV.—*CONSUMPTION and SALE:*

1.—*Restraining Regulations* - - - - - - - — 109
2.—*Internal* - - - - - - - - - - — 109
3.—*External* - - - - - - - - - - — 109

V.—*QUALITIES and PRICES* - - - - - - - — 110

VI.—*GENERAL REGULATIONS* - - - - - - - — 110

SALT: Page of the Index, 111.

1.—*Generally* - - - - - - - - - - — 111
2.—*Agencies* - - - - - - - - - - — 111
3.—*Clearances* - - - - - - - - - - — 112
4.—*Duty* - - - - - - - - - - - — 112
5.—*Export* - - - - - - - - - - - — 112
6.—*Manufacture* - - - - - - - - - - — 112
7.—*Profit* - - - - - - - - - - - — 112
8.—*Quality* - - - - - - - - - - - — 112
9.—*Regulations* - - - - - - - - - - — 112
10.—*Revenue* - - - - - - - - - - - — 113
11.—*Sales* - - - - - - - - - - - — 113
12.—*Supply* - - - - - - - - - - - — 113
13.—*Illicit Trade* - - - - - - - - - - — 114

Incidental subjects will be found under the Alphabetical Arrangement of the INDEX.

INDEX.

Where *p.* is prefixed to the Figures, reference is to the Paging generally; where *p.* and *par.*, to the Page and Number of the Paragraph therein.

A.

AGENCIES. See *Opium*, II. 2. vi. *Salt*, 2.

Alexander & Co. Offer of their firm to contract for the delivery of salt, purified according to Mr. Trotter's proposal, p. 75, par. 29.

Allahabad; Appointment of a Collector of Opium at, p. 20, par. 4.

Alves, Captain; Treaties concluded by him with Native Princes, p. 38.

Attorney-General. Reference to his opinion, as to the power of the Company to tax the Province of Benares, under the 25th section of 53 Geo. 3; p. 90, par. 32——Answer of Attorney-General, and communications with the Board on the subject, p. 92, par. 37.

Auction. Quantity of salt sold by public auction, in each year, 1790—1828, p. 84.

B.

Bayley, Mr.; His opinion that the right of search and stoppage, exercised by the Agent in Odeypore, was justifiable, p. 32.

Behar. Its trade in opium to be regulated, p. 6, par. 10, 11——Proposed regulations, p. 7——Agencies there, p. 5, par. 4——Management of the produce of, p. 10, par. 82——Must be packed in a particular way, p. 10, par. 84——Selling price of Behar and Benares opium, on averages of various dates, p. 14, par. 57——Average annual supply of, to the Calcutta sales, p. 15, par. 61——Distinction in form of the cakes of Malwa, Behar, and Benares opium, p. 18, par. 73——Comparative prices of Behar, Malwa, and Benares opium, p. 19, par. 42——Advantages of employing Captain Jeremie, p. 22, par. 8——Quantity of Behar opium available for the sales of 1828, p. 60.

BENARES:

1. *Opium.*
2. *Salt.*

1. Opium of superior quality must be packed in a particular way, p. 10, par. 84——Selling prices of Behar and Benares opium, on averages for various dates, p. 14, par. 57——Average annual supply of, to the Calcutta sales, p. 15, par. 61——Distinction in shape of cakes of Malwa, Behar, and Benares opium, p. 18, par. 73——Quantity of Benares opium available for the sales 1828, p. 60.

2. Reference to the Attorney-General as to the legality of extending tax on salt, p. 90, par. 32.

Bencoolen Factory, not subordinate to Bengal, p. 4, par. 18, 19.

BENGAL:

1. *Opium.*
2. *Salt.*

1. Necessity of relieving the Supreme Government at, from the mass of business and reference with which it is at present overwhelmed, p. 59, par. 14.

Opium of inferior quality must be packed in a particular way, p. 10, par. 84——Comparative value of Bengal and Turkey opium, p. 14, par. 54——Danger to which Bengal opium was exposed unless a check could be supplied to the exportation of Malwa opium, p. 23, par. 11——Relative value of Bengal and Turkey opium, p. 27——Without a restrictive system, the supply of opium would render the Bengal monopoly of little value, p. 29.

2. Complicated

104456

Bengal—continued.

2. Complicated and extensive machinery necessary for the manufacture of salt at, p. 74, par. 38——Population of, do not obtain the full quantity of salt necessary for their consumption, p. 74, par. 23——Might be supplied with Coromandel salt, which would easily be adapted to that market, p. 75, par. 26——Quantity of salt manufactured in, to be reduced, p. 95, par. 16——Balance of salt expected to be on hand after February sale 1830, p. 95, par. 17.

Board of Trade:

1. *Opium.*
2. *Salt.*

1. Result of their inquiries as to the supply and price of opium in Eastern markets, and the trade of the East India Company, p. 13, par. 51——Advantage of their proposed regulations as to Malwa opium, p. 15, par. 60.

2. Probable permanent standard of annual demand, as assumed by Board of Trade in their Report 1817, p. 67, par. 26——Opinion of the Board of Trade as to the quantity of coast-salt which may annually be imported, p. 69, par. 36.

Bombay. Regulations for supply of Bombay market, by granting passes, p. 49, 50, 51——Final determination of the Government as to the future supply, p. 51, par. 50——Answers of the Government of Fort William to Sir J. Malcolm's despatches, relative to the management of the Malwa opium trade, as far as Bombay was concerned, p. 56, 57.
See *Passes.*

Bondel. Affray with smugglers at, p. 32——Unwillingness to enter into treaties with the East India Company, p. 35.

Borthwick, Captain. Dissatisfaction occasioned in Malwa by restrictive regulations of the Company, p. 37.

Bounties; Should be regulated by quantity and quality of salt delivered, and not with reference to its proportion of the tydaad, p. 71, par. 53.

Bullooah. Quantity of salt consumed, as supplied with Company's salt, since 1790, p. 84.

C.

Cape de Verd Islands. Salt procured there at a low price, p. 2, par. 10.

Caulfield, Major. His opinion of restraining regulations in Malwa, p. 34.

Chinese; Have evinced a growing fondness for Malwa opium, p. 25, par. 19——Total amount of foreign opium supplied to the Chinese market in 1817-18, p. 27.

Clearances. See *Salt*, 3.

Clerk. His opinion of the restrictive regulations in Jyepore, p. 33.

Coast Salt. Want of information of means adopted for the improvement of, p. 73, par. 27——Necessity of attention of the Indian Government to the supply to be derived from, p. 74, par. 38——Could be procured in sufficient quantities without purification for Bengal market, p. 75, par 31——Quantity of coast salt necessary for consumption, p. 89, par. 31.
See also *Salt*, 5.

Cobbe, Captain. His opinion generally on the regulations of the East India Company for the opium trade, p. 36.

Colebrooke, Sir *E.* Substance of answers to queries submitted to him by the Government, p. 33.

Confiscated Salt. See *Salt. Imports. Sulkea.*

Consumption and Sale of Opium. See *Opium*, IV.

Coromandel. Importations of salt from, allowed on account of deficiencies in supply, p. 67, par. 21——Inferior salt can be best procured from Coromandel, p. 69, par. 34——Recommendation that importation on a large scale should be used as a temporary measure only, p. 71, par. 43——Salt from, might easily be made available for the Bengal market, p. 75, par. 26.

Customs. Quantity of salt imported on which custom-duties were paid, 1819—1828, p. 85.

Cuttack. Probable result of the capabilities of the salt agencies of, p. 66, par. 20——Revival of the surplus system at, advantageous to the Government; beneficial to the people, p. 70, par. 38——Minimum produce of Bengal and Cuttack agencies, p. 70, par. 40——Regulation of, for the better permanent supply of, recommended, p. 71, par. 43——Accoun. of quantity imported at Sulkea, 1821—1826, p. 80, par. 6.

Cuttack—continued.
Quantity of Cuttack salt sold from May 1825 to April 1826, p. 83, par. 10——Quantity of salt manufactured in, to be reduced, p. 95, par. 16——Balance of Cuttack salt expected to be left on hand after February sale 1830, p. 95, par. 18.

D.

Delhi; Effect of the illicit trade in opium at, p. 41.

Dinagepore; Illicit cultivation of opium at, p. 9. par. 78.

Duties. See *Opium*, III. 1. *Salt*, 4.

E.

Eastern Markets. Preference shown for Company's opium, p. 13, par. 49.

Exclusive Rights of East India Company, See *Opium* II. 1.

Export. See *Opium*, II. 2. v. IV. 2, 3. *Salt*, 5.

F.

Fort Marlborough. Factory not subordinate to Bengal, p. 4, par. 20——No salt regulations required there, p. 4, par. 24.

French. Quantity of salt sold to the French in the East Indies, 1821–22, p. 81, par. 7——Sales to the, 1825–26, p. 82, par. 9——Salt supplied to the French Government, 1810–1828, p. 84.

G.

Ghazeepore; Appointment of a Collector at, p. 20, par. 4.
See also *Salt*, 4.

Goa; Trade from, to Macao; its effects on the Company's revenue, p. 1, par. 1.

Golah. Advantageous separation of this office from the omlah; beneficial effects on the revenue, p. 73, par. 36——Quantity of salt which, upon an average of 20 years, was cleared from the golahs, and carried into the interior, p. 78, par. 18——Salt sold, but remaining uncleared in the golahs, on 1st January each year 1790—1828, p. 84——Quantity cleared out at the Company's golahs, 1790—1828, p. 84——Curtailment of supply of salt recommended, in order to effect a sale of the sold salt in Company's golahs, p. 93, par. 137——Statement of the state of golahs as compared with the year preceding, p. 93, par. 2——Quantity of salt sent into the interior from, in 1829, p. 93, par. 3——Merchants unable to move their stocks from, on account of increased supply, p. 93, par. 4——Statement exhibiting the clearances of salt from the golahs of the several agencies, for the month of December 1829, compared with the clearances for Dec. 1828, p. 96——Statement of the quantity of salt cleared from the Agency and Sulkea golahs, 1828–1829; with a memorandum of the total quantity of salt sold, but remaining uncleared, Dec. 1828–29, p. 97.

Goruckpore; Appointment of a Collector at, p. 20, par. 4.

Grain. Directions to enter into full consideration of advantages to be derived from unrestricted trade in, and salt, between the two Presidencies, p. 73, par. 27.

Guzerat; Modification of Government regulations proposed for the supply of opium, approved of, p. 17, par. 70——Cultivation of the poppy prohibited in, by the influence of the British Government, (1803), p. 26.

H.

Hislop, Lieutenant; Discussion and conclusions drawn by, relative to the opium question, p. 34.

I.

Illicit Trade. See *Opium*, II. 2. vii. *Salt*, 13.

Imports. See *Opium*, II. 2. iv.; IV. 2. 3. *Salt*, 5.

Indore. Instructions to the Resident as to treaties, p. 30, 31——Notice to agent to report prices of opium regularly, p. 54.

J.

Jeremie, Captain; Advantages of employing him, p. 22, par. 8.

Jessore. Quantity of salt consumed, as supplied by Company's salt, since 1790, p. 84.

Jeypore; Necessity of treaty with that State, p. 30.

Johnston, Captain; His opinion of treaties with native princes for the purpose of securing the trade in opium, p. 39.

Juanpore; Appointment of a Collector at, p. 20, par. 4.

K.

Kharee Noon; Concurrence in decision with respect to salt manufactured in Behar, p. 73, par. 35.

Kotah. Instructions to Residents to conclude treaties with the State of, p. 30——Their remonstrance against the restrictive system, p. 3——Statement contained in a remonstrance from the Kotah Government against the restrictive system, p. 30——Desire of the Government to be relieved from particular clauses in agreement, p. 31——Unwillingness of the State of, to enter into treaties, p. 35.

M.

Macao; Trade from Goa, and other parts of India, to, in opium, p. 11, par. 1.

Maddock, Mr. Small quantity of opium produced in Eastern Malwa, p. 39.

Madras. Profit for the Madras Treasury on a Madras garce of salt, p. 68, par 30——Improvement in the quality of Madras salt; relative increase of price as compared with Bengal salt, p. 72, par. 27——Quantity of Madras salt sold May 1825 to April 1826, p. 82, par. 10——Balance of Madras salt expected to be left on hand after February sale 1830, p. 95, par. 18——Madras permit salt to be imported 1830, p. 95, par. 19.

Malcolm, Sir J. Answers of the Government of Fort William to his despatches relative to the management of the Malwa Opium Trade, as far as Bombay was concerned, p. 56, 57.

Malwa. Consequences to Indian opium from the opposition of, in the Eastern and Chinese markets, p. 11, par. 2——Traders in, rivals of the Company in China market, p. 12, par. 43——Far the most powerful opposition, p. 12, par. 44——So much so, as probably to materially injure the Company's trade, p. 12, par. 44——Channels by which it found its way into the Eastern market, p. 13, par. 45——Useless obstructions raised to its introduction, p. 13, par. 45——Quality of, p. 15, par. 59——Sometimes surpasses Behar, p. 15, par. 59——Partial success of prohibitory regulations in preventing illicit trade in, p. 15, par. 59——Proposed plan of the Board of Trade for taking up, for the Company, p. 15, par. 60——Estimated supply of, at the Bombay sales, p. 15, par. 61——Quality of, p. 15, par. 63——Arrangements proposed by Mr. Wellesley for the purchase of, by the East India Company, p. 16, par. 63, 64, 65——Doubts of this plan, p. 16, par. 66——Agencies similar to those in Bengal the only means of controlling cultivation of opium in Malwa, p. 17, par 69——Regulations necessary for the protection of the Company's revenue, p. 17, par. 71, 72——Regulation of distinction between the form of Malwa, Behar, and Benares opium, p. 18, par. 73——Great difficulties of the Malwa question, p. 18, par. 36, 37, 38, 39, 40, 41——Impracticability of managing Malwa opium like parts of Bengal, p. 19, par. 41——Comparative prices of Malwa, Behar, and Benares opium, p. 19, par. 42——How far Mr. Swinton's arrangements tended to secure the trade in, at the command of the British Government, p. 24, par. 11——Receipt and disbursement of Malwa department, p. 25, par. 15——Prices obtained for, in 1827, in China, p. 25, par. 19——Necessity of restricting the supply to the demand for the China market, p. 27——Route by which Malwa opium is smuggled, p. 27——Mode of providing funds for the purchase of, p. 28——No undue influence necessary to obtain the consent of Malwa States to restrictions on the trade, p. 31——Smuggling carried on: daring nature of the attempts, p. 34, 35——No difference taken place in poppy cultivation, in consequence of new regulations, p. 38——Manner in which East India Company might maintain their trade in relinquishing the Malwa trade, p. 41——Directions to Agents not to interfere in the cultivation of, in Malwa provinces, p. 41——Answers of the Government of Bengal to the views of Sir J. Malcolm, as to the supply of Bombay with Malwa opium, p. 56, 57——Opium agents' estimate of the net profit realized at a year's sale, p. 58, par. 12——Advantages anticipated by Sir John Malcolm of a transfer of the management of the Malwa opium concern to Bombay, p. 58, par. 13——Opinions of the Bengal Government on this subject, p. 59.

Manufacture. See *Salt*, 6.

Mediteranean. Price of Turkey opium, p. 14, par. 54.

Metcalfe, Sir *C.* His opinion on the right of interference and search by the East India Company as to the opium trade, p. 32.

Meywar. Unavailing to use any restrictive arrangements under the present system carried on in Meywar, p. 32——Consequences in Meywar of attempting to carry the restrictive regulations into effect, p. 36.

Mirzapore. See *Salt Duty.*

Mocha. Quantity of Mocha salt sold May 1825 to April 1826, p. 83, par. 10.

Molunghees. Consequences to them of Aurungs being abandoned, p. 66, par. 17——Effect of any sudden abandonment of the demand from Bengal on the revenue of Fort St. George, in affording Molunghees the means of creating an extensive contraband traffic, p. 70, par. 37——To be allowed an adequate profit for their tydaad salt, p. 71, par. 52——Advance in price allowed them; apprehension of their deserting the manufacture, p. 73, par. 37.

Monopoly. See *Opium*, II. 1. 2.

N.

Native Princes. Arragements made with them to prevent the illicit transit of opium, p. 24, par. 12——Necessity of procuring their zealous co-operation; method of arranging with them, p. 25, par. 14——Indemnification necessary for losses sustained by native princes, p. 28——Sir E. Colebrooke's opinion as to the right of Government to interfere with them, p. 33——Desire of chiefs generally to relinquish opium treaties, p. 45, par. 19; p. 46, par. 20——Notice of native princes of their desire to cease the supply of contract opium, p. 52, par. 52.

O.

Odeypore. Arrangements directed to be made with the Prince of, as to opium regulations, p. 29——Smuggling carried on through, p. 34, 35——Captain Cobbe's opinion of the Company's regulations, p. 36.

Omlah. Advantageous separation of this office from the golah; beneficial effects on the revenue, p. 73, par. 36.

OPIUM:

I.—*CULTURE AND MANUFACTURE:*
1. *Generally.*
2. *In particular Places.*
3. *Illicit.*
4. *Restraining Regulations.*

II.—*TRADE:*
1. *Exclusive Rights of Company.*
2. *General Trade.*
i. *In Company's Territories.*
ii. *Treaty with other States.*
iii. *Of particular Places.*
iv. *Importation.*
v. *Exportation.*
vi. *Agencies for Management.*
vii. *Illicit Trade.*

III.—*REVENUE:*
1. *Duties.*
2. *Regulations.*

IV.—*CONSUMPTION AND SALE:*
1. *Restraining Regulations.*
2. *Internal.*
3. *External.*

V.—*QUALITIES AND PRICES:*

VI.—*GENERAL REGULATIONS:*
See also *Passes.*

I.—*CULTURE AND MANUFACTURE:*

1. *Generally:*

Extensive building at Patna, p. 6, par. 10——The growth superintended by agents, p. 6, par. 12——Management proposed in Behar; advance to ryots, p. 7——Retrenchment of establishments, p. 7——Regulations for preserving the superior character of Behar and Benares opium in manner of packing, p. 10, par. 84——Advantages of employing Captain Jeremie in particular departments concerning the culture of opium, p. 22,

Opium—continued.

I. *Culture and Manufacture*—continued.

1. *Generally*—continued.

par. 8——Means adopted to superintend the produce and preparation of opium, p. 23, par. 11——Uselessness of the office proposed to be appointed of an opium-examiner, p. 23, par. 11——Cultivation of, very expensive, requiring much labour and manure, and irrigation, p. 24, par. 7——Measures taken by the Bengal Government for extending the cultivation of the poppy, p. 59, par. 15.

2. *In particular Places:*

Behar, p. 7——Impossible to prevent, in Rungpore, p. 8, par. 16——Insufficient production in Behar, p. 9, par. 76——In Dinagepore and Rungpore, p. 9. par. 78——Superiority of Behar and Benares opium, p. 10, par. 84——Advantage of employing Captain Jeremie in Behar, p. 22, par. 8.

See also Name of each Place.

3. *Illicit:*

Prevention of illicit manufacture, p. 5, par. 2——Agent's duty, p. 6, par. 12——To be prevented by agents appointed, p. 7——To be subject to fine and imprisonment, p. 8——In the province of Benares, p. 8, par. 15——In Rungpore and Dinagepore, p. 9, par. 78——Extent of, in Rungpore, Dinagepore, and Purneah; proposed means of prevention, p. 9, par. 79——Proceedings of Zillah Court of Purneah censured, p. 10, par. 80.

4. *Restraining Regulations:*

The poppy not to be introduced in places where not hitherto grown, p. 9, par. 76——Not to be increased by forced cultivation, p. 9, par. 77——Not to be extended for supply, p. 9, par. 79——Necessity of imposing agencies, similar to those in Bengal, in Malwa, to control cultivation, p. 17, par. 69——Difficulties which arise in attempting the regulation of the growth of Malwa opium, p. 19, par. 41——Culture of the poppy prevented in Guzerat (1803), by the influence of the British Government, p. 26——Necessary to restrict the supply of Malwa opium to the demand of the China market, p. 27——Objections to which such restrictions would be liable, p. 27——Necessity of restricting the people in the Deccan from the sale and importation of opium, p. 27——Opinion of Sir C. Metcalfe on the subject of the right exercised by the Company of search and interference, p. 32——Opinion of Mr. Bayley on the same subject, p. 32——Any restrictive arrangements are unavailing under present system carried on in Meywar, p. 32——Uselessness of half-measures, p. 33——Effect of, in Jeypore, p. 33——Mr. Cavendish's opinion of their effect in States under his cognizance, p. 33, 34——Major Caulfield's opinion of, p. 34——Lieutenant Hislop's opinion of their injurious consequences, p. 34——Reasons why the enforcement of the restrictive system is incompatible with the state of the country, p. 35——Major Sutherland's opinion on the manner in which the cultivators are affected by the Company's regulations, p. 36——Consequences in Meywar of carrying regulations into effect, p. 36——Cultivators in Odeypore very slightly affected by restrictive measures, p. 36——Effect of, in Mahedpore; opinion of Captain Borthwick concerning, p. 37——No decrease of poppy cultivation has yet taken place in Malwa, in consequence of new regulations, p. 38——Uselessness of making the cultivation of the poppy a matter of direct stipulation, p. 40——Use which these regulations have been of, to native princes, p. 40——Impossibility of rigidly enforcing, p. 41——Should be abandoned entirely; regulations in Malwa, p. 43, par. 6——Consequences of restricting regulations being abandoned, p. 44, par. 78——Consequences of their abandonment in Malwa, p. 43, 44, par. 6, 7, 8; p. 51, par. 51——Effect of removing, produced a rise of price, p. 52, par. 51——Effect of their removal on the supply of the Bombay market, p. 52, par. 53.

II. *Trade:*

1.—*Exclusive Rights of the Company:*

In the China trade, p. 2, par. 7——To be secured by high duties on foreign trade, p. 3, par. 5——Intention of the legislation to secure, p. 6, par. 9——Profits exclusively appropriated, p. 3, par. 10——Application to Parliament, p. 3, par. 11——Rules to secure Calcutta sales from competition, p. 4, par. 16, 17——Decline of, ascribed to the competition of foreign opium, p. 12, par. 40——Which has entirely destroyed advantages arising from monopoly, p. 12, par. 41——Rivals of the Company in the China market are traders in Malwa, Turkey, and illicit Bengal opium, p. 12, par. 43——Principally by Malwa, p. 12, par. 44——Which latter might seriously injure the Company's trade, p. 12, par. 44——Difficulties of controlling, under existing regulations, p. 13, par. 48——How affected by supply of foreign opium, and deterioration of quality in 1817—1818, p. 13, par. 49——Regulations necessary to maintain, p. 13, par. 50——To be kept up by superior quality of article, p. 15, par. 58——Difficulty incurred as to Malwa opium; impossibility of controlling the trade as in other provinces, p. 19, par. 41——How far Mr. Swinton's arrangements secured the trade in Malwa opium for the Company, p. 24, par. 11——Regulations necessary for its maintenance, p. 28——Probable effect on the Bengal monopoly of restrictions not being adopted as to Malwa opium, p. 29——Consequences of, in Kotah and Malwa, p. 30, 31——Injurious effects of, on the interests of the mercantile body, p. 34——Incompatible with the just maintenance of the

OPIUM—continued.

II.—*TRADE*—continued.

1. *Exclusive Rights of the Company*—continued.

the provinces of Central India, p. 35——Difficulties of ensuring, from illicit trade, p. 40, 41——Restrictive regulations for protection of, to be abandoned, p. 47, par. 25——Consequences to Company's trade of the sale of passes and the free transit of opium, p. 53, par. 57——Sir John Malcolm's opinion as to purchase of opium at any price, differed from by the Bengal Goverment, p. 57, par. 6——Opium agents' estimate of the net profit realized at the year's sale, p. 58, par. 12.

2. *Generally:*

i. *In Company's Territory:*

Powers given by 54 Geo. 3, for making restrictions, p. 2, par. 8——Regulations prepared, p. 4, par. 14, 15——Regulations for Behar, p. 10, par. 82——How affected by foreign competition, p. 12, par. 42.

ii. *By Treaty with other States:*

Proposal to regulate the trade of Goa and other parts of India, with Macao, by treaty with Portugal, p. 11, par. 1——Improbability of Portuguese government agreeing to any proposition of the nature, p. 11, par. 2——Arrangements made with native princes to prevent illicit trade in, p. 24, par. 12——Proposal to take into consideration of the General Department whether the existing treaties for furnishing Malwa opium shall be kept up with any, and which of the native princes, p. 26, par. 3——Treaty completed by Captain Cobbe with the State of Odeypore, p. 29——Instructions to the Resident at Indore, p. 30——To the Resident in Kotah, p. 30——Necessity of treaties with the Jeypore State, p. 30——Main object of these commercial treaties, p. 30——Agreement of the Amjeerah authorities to co-operate in the restrictive regulations of the Company, p. 30——Remonstrance of the Kotah Government against the restrictive system, p. 30——Treaties with some of the native powers in Rajpootana procured by improper exertion of irresistible influence of the East India Company, p. 30, 31——No undue influence exerted over the States of Malwa to obtain their agreement to regulations of the Opium Trade, p. 31——Treaties concluded with Indore, Dhar, Amjheera, Rutlam, Silonee, Seetamow, confirmed and sanctioned, p. 31——No treaties can be concluded with Jyepore, Joudpore, Kishengurh, or Scindia's Government, p. 33——Impalatable to those States in which the poppy is grown, p. 34——Boondee and Kotah States did not voluntarily enter into treaties, p. 35——Necessity of absolving such States as desire to be released from, p. 35——Nature of them destructive of all foreign trade, p. 36——Their consequences in Meywar, p. 36——In Rajpootana never cordially adopted, p. 36——Dissatisfaction of the Malwa State, p. 37——Treaties not injurious or productive of general dissatisfaction, p. 38——Extension of, to Scindia territories recommended, p. 38——Not looked upon favourably in Peertaubghur, p. 38——Treaties concluded by Captain Alves, p. 38——Willingness of chiefs to enter into these arrangements, p. 38——Consequences in Malwa of treaties, p. 38, 39——Captain Johnston's opinion of treaties with Native Princes, p. 39——General opinion that they are injurious to Sahookars, p. 39——Treaties not obtained by undue power or influence, p. 40——Ends obtained might have been secured by easier methods than treaties by the East India Company, p. 40——Difficulties of Native Princes in attempting to enforce, p. 41——Doubts of their firmness in aiding, p. 41——Treaties which apply only to transits to be relinquished, p. 43——Desire of chiefs generally to relinquish treaties, p. 45, par. 19; p. 46, par. 20——Abandonment of, approved of, p. 46, par. 23.

Plan of Government for carrying on trade on the abandonment of treaties and the restrictive system, p. 47, par. 25.

Notice of Native Princes of their desire to cease to supply contract opium after that season, p. 52, par. 52.

See also *Passes.*

iii. *Of particular Places:*

Turkey opium, its importation cannot be prohibited, but restraining duties may be imposed, p. 1, par. 4——Trade in, cannot be prevented by foreigners to China and the Eastern Isles, p. 2, par. 9——Calcutta sales to be protected, p. 4, par. 17——Bencoolen not subordinate to Bengal, p. 4, par. 18, 19——Fort Marlborough not subordinate, p. 4, par. 20——Turkey opium rivals the Company's in China, p. 12, par. 43——Lowest recorded price of Turkey opium, p. 13, par. 55——Selling prices of Behar and Benares opium, on averages of several years, p. 14, par. 57——Difficulty of driving Turkey opium from the market, p. 15, par. 58.

See also Name of each Place.

iv. *Importation:*

Cannot be prohibited, but may impose restraining duties, p. 1, par. 4——Regulations respecting duties must be sanctioned at home, p. 1, par. 6——In country trade may be interdicted by 54 Geo. 3, p. 2, par. 8——Power of interdiction doubted; high duty on foreign trade to be imposed to secure the exclusive trade, p. 3, par. 3, 4, 5——Duty on opium not Bengal produce, p. 4, par. 17.

OPIUM—continued.

II.—*TRADE*—continued.

2. *General Trade*—continued.

v. *Exportation:*

Production in Behar insufficient, p. 9, par. 76——Produce of Behar and Benares to be reserved for, p. 10, par. 82——Treaty with native princes to prevent exportation of Malwa opium, p. 13, par. 45——Difficulty of regulating the transit of Malwa opium, p. 18, par. 38, 39, 40, 41——Comparative prices at which Malwa, Behar and Benares opium might be brought to the coast for, p. 19, par. 42——Quantity exported from Central India in 1817—1823, p. 31——Manner in which exportation of Malwa opium might be prevented, p. 41——Vexatious and oppressive measures for controlling, p. 41——Treaties which interfere with free exportation to be abandoned, p. 42——Regulations as to Malwa, p. 43, par. 6.

See also *Passes.*

vi. *Agencies:*

Arrangement of, in Behar, p. 5, par. 4, 5, 6, 7, 8, 9; p. 6, par. 10——In the Sudder Station as to assistants, p. 6, par. 9——Allowances to agents should be liberal, p. 6, par. 11——Subordinate agents superintend the growth and sale; their qualifications, p. 6, par. 12——Regulations proposed, and their duties, p. 7——Rate of commission, p. 7——State of, in Benares and Ghazeepore, p. 8, par. 15——Rungpore agency necessary from the impossibility of preventing the growth of the poppy, p. 8, par. 16——Duty and allowance of Behar agency, p. 10, par. 81, 82——Previous to agency system, Turkey opium was on a par with Bengal, p. 14, par. 56——Necessity of establishing, in Malwa, similar to Bengal, to control cultivation, p. 17, par. 69——Appointment of collectors at Tirhoot, Surem, and Shahabad, approved of, p. 20, par. 47——Further appointments of collectors at Allahabad, Juanpore, Goruckpore, Ghazeepore and Ramgur, p. 20, par. 4——Mode of remunerating collectors approved of, p. 21, par. 4——Manner of settling disputes between agents, collectors, and cultivators, p. 21, par. 56——Directions to agents as to cultivation of opium in Malwa, p. 41——Establishment of a commercial agency in Malwa, separate from a political office, p. 47, par. 25——Disapproved of, p. 47, par. 29, 30——Directions to agent at Malwa to co-operate with Bombay Government in managing the price and issue of passes, p. 51——Agent at Indore to report prices, p. 54.

vii. *Illicit Trade:*

Turkey opium imported into Bengal; right of confiscation, p. 3, par. 7——Agents to prevent illicit practices, p. 6, par. 12——To be suppressed by fine and imprisonment, p. 8——In Benares, p. 8, par. 15——Extent in Rungpore, Dinagepore, Purneah, and along the Ganges; and proposed punishment for preventing, p. 9, par. 79——Officers required to suppress, p. 10, par. 82——Between Goa, and other parts of India, and Macao, p. 11, par. 1——Illicit trade from Bengal rivals the Company's in China, p. 12, par. 43——Extent of, in Bengal opium, is a serious evil, p. 13, p. 47——Prohibitory regulations against Malwa opium would only be partially successful, p. 15, par. 59——Difficulties of dealing with Malwa trade; proposed regulations; objections to them, p. 16, par. 63, 64, 65, 66, 67——How far Mr. Swinton's arrangements tended to reduce the illicit trade in Malwa opium, p. 24, par. 11——Arrangements made with native princes to prevent, p. 24, par. 12——Route by which Malwa opium is smuggled, p. 27——Affray in Boondee between opium smugglers and Rajah's troops, p. 32——Transported, by separate individuals, in small quantities, and in large, by meenahs, or bands, p. 34——Feelings of native princes at the manner of searching for contraband opium, p. 35——Daring manner in which carried on in Odeypore and Boondee, p. 35——Affrays with the military and smugglers, p. 35——Considerable quantities smuggled, p. 36——No attempts in Mahedpore to force opium out of the province by armed parties, p. 37——Extent to which carried in Scindia's territories, p. 39——Plan for preventing, by establishments in other States, generally offensive, p. 39——Despatch from the Resident at Delhi concerning, p. 41——Yearly augmentation of, by Diu and Demaun, for the China market, p. 41——Carried on by armed bands, p. 41——Plan to prevent, by granting passes, p. 44, par. 13, 14, 15.

III.—*REVENUE:*

1. *Duties:*

Annual amount of revenue, p. 1, par. 3——Regulation for protecting against foreign opium, p. 1, par. 3——Rate of proposed duty high, and reasons why, p. 3, par. 3, 4, 5.

Injury accruing to Company's revenue from trade between Goa, and other parts of India, and Macao, p. 11, par. 1——Duties agreed to be imposed by native princes to prevent the passage of Malwa opium, p. 13, par. 45——Suggestions for imposing an export duty on opium, p. 20, par. 48——To be paid to Scindia's officers pending treaties on the subject, p. 29——Manner in which the Company might command the trade by duties, if they extinguished the Malwa trade, p. 41.

Difficulty of imposing transit duties without reference to Government at home, p. 45, par. 13——Plan for sale of passes, p. 45, par. 15——Necessity of compounding with Sahookars for passes, p. 45, par. 18——Measures adopted for commuting passes approved of, p. 46, par. 23——Ease with which revenue may be collected by a system

OPIUM—continued.

III.—*REVENUE*—continued.

1. *Duties*—continued.

of granting passes, p. 53, par. 61——Notice for issuing passes at Bombay, p. 53, par. 62——Revenue derived from issue of passes to be brought to account in Bombay, p. 54——Opinion of the Supreme Government as to the course pursued by Sir J. Malcolm, and the plans proposed by him, p. 56, par. 2, 3, 4, 5, 6.

2. *Regulations for Collection and Protection:*

Prepared by order of Directors, p. 3, par. 2——Importance of securing, p. 3, par. 10——By internal sale, p. 5, par. 2——Collection of revenue, of that in cultivation to be preferred to increasing the production, p. 9, par 79——Arrangements for improving, p. 10, par. 81, 82——The price to be made high, more for restraining consumption than increasing revenue, p. 11, par. 85——Regulations necessary to protect the revenue from the competition of Malwa opium, p. 17, par. 71, 72——Necessity of gaining the greatest possible revenue from Behar and Benares opium, p. 19, par. 42——Disbursements and receipts of the Malwa Opium Department, p. 25, par. 15——Objects of the Government in India to secure the revenue on opium, p. 25, par. 17——Regulations necessary as to Malwa opium, p. 28——Advantages to the Maharanas of Odeypore by the restrictive regulations of the Company, p. 36.

IV.—*CONSUMPTION and SALE:*

1. *Restraining Regulations:*

Preventing illicit sale, p. 5, par. 2——Under the Board of Revenue, with similar rules as those for the sale of spirits, p. 7——Interference for the sake of morals, being injured by the use, p. 7, par. 14——Illicit traffic to be prevented, and use confined to medicine, p. 8——Fines to be imposed, p. 8——Object of the Court of Directors to restrain the use, p. 9, par. 75——The introduction into new districts to be prevented, p. 9, par. 75——But not possible at Rungpore to be put under taxation, p. 9, par 77——Consumption not to be encouraged, but the abuse of the drug lessened, p. 11, par. 85——Necessary for the protection of Company's trade, p. 12, par. 44——Slight success of, to control the sale of Malwa opium, p. 15, par. 59——Advantages to be derived from following proposed plan of Board of Trade regarding prohibitory regulations as to Malwa opium, p. 15, par. 60——Difficulties of dealing with Malwa opium; plan proposed; objections to, p. 16, par. 63, 64, 65, 66, 67——Treaties with native princes to prevent the transit of, p. 24, par. 12——Anticipated result of the means adopted for the protection of the revenue, p. 25, par. 16——Resolution passed, involving the total abandonment, on our part, of interference with the growth and transit of opium throughout Central India, p. 26, par. 1——At Odeypore, p. 29——Horror of the inhabitants of Rajpootana at the idea of the Company monopolizing the opium trade, p. 31——Opinion of Sir C. Metcalfe concerning the right of search and interference as to the opium trade, p. 32——Opinion of Mr. Bayley on the same subject, p. 32——Uselessness of arrangements in Meywar, p. 32——Uselessness of half measures, p. 33——Effect of, Jyepore, p. 33——Mr. Cavendish's opinion concerning, p. 33——Consequences in the Malwa; opinion of Major Caulfield, p. 34——Consequences of their abandonment in Malwa, p. 43, 44, par. 6, 7, 8; p. 51, par. 51——Effect of removing, produced a rise in price, p. 52, par. 51——Effect of their removal on the supply of the Bombay market, p. 52, par. 53.

2. *Internal:*

Attainment of revenue by, p. 5, par. 2——Under Board of Revenue, p. 7——Confiscated opium to be used to supply the deficiency of production in Behar, p. 9, par. 76——Not to be supplied by introducing the poppy into new places, p. 9, par. 76——Produce of Rungpore to be appropriated for, p. 10, par. 82——Arrangement proposed by Mr. Wellesley for the sale of Malwa opium to the Company, p. 16, par. 63, 64, 65——Doubts as to the utility of the plan, p. 16, par. 66——Arrangements made with native princes to prevent illicit trade in opium, p. 24, par. 12——Proposal to take into consideration of the General Department, whether the existing treaties for the furnishing Malwa opium shall be kept up with any, and which, of the native princes, p. 26, par. 3——Manner in which internal consumption should be arranged, p. 29——Propositions to the Supreme Government respecting, p. 29——Necessity of providing, for the countries to the north-west, p. 30——Quantity supplied by agents for, p. 44, par. 8——Quantity supplied for the Bombay Investment, 1829, p. 51, par. 47——Answer of the Government of Bengal to the despatches of Sir J. Malcolm, relative to the management of the Malwa opium trade, as far as Bombay was concerned, p. 56, 57.

3. *External:*

Demand in the Eastern market has considerably increased, p. 13, par. 49——In the Eastern market may be estimated at 8,000 chests, p. 13, par. 51——Views of the Bombay Government as to checking the exportation of Malwa opium, p. 26——Total amount of foreign opium supplied to the Chinese market, 1817-18, p. 27——Restraining regulations necessary to prevent the sale and exportation of opium grown in the Deccan, p. 27——Impossibility of preventing the exportation of the drug through the Bheel Tracts, p. 33.

Opium—continued.

V.—*Qualities and Prices:*

Of the best Turkey opium in the London market, p. 1, par. 6——Bengal opium inferior, Behar and Benares superior, p. 10, par. 84——Superiority of Bengal opium over that manufactured in other parts of India, p. 11, par. 3——Quality of Company's opium obtains for it a decided preference, p. 13, par. 49——Price of Company's opium places it out of the reach of the poorer classes, p. 13, par 49——Small quantity of, leaves room for foreign opiums, and high price enables them to sell much lower, p. 13, par. 49——Rival supplies increased in value lately, (1817-1818) from bad quality of Company's opium, p. 13, par. 37——Regulations as to, necessary to maintain the Company's trade, p. 13, par. 50——Price at which Turkey opium, bought in the Mediterranean, would yield a fair profit in China, p. 14, par. 54——Comparative value of Bengal and Turkey opium, p. 14, par. 55——Selling price of Behar and Benares opium, on an average of eight years, from 1787-8; and for various periods subsequently, p. 14, par. 57——Necessity of good quality to insure sale, p. 15, par. 58——Superiority of Company's opium if supplied of the standard quality of 1798, p. 15, par. 58——Quality of Malwa opium, p. 15, par. 59——Sometimes surpasses Behar, p. 15, par. 59——Difficulties which arise in attempting to exclude competion by price, p. 18, par. 40, 41——Prices obtained in China for Malwa opium owing to the increasing fondness of the Chinese, and the badness of the quality of Bengal growth, p. 25, par. 19——Price paid by the Company in Central India fair, p. 31——Price of, between 1819—1825, p. 34——Manner proposed for regulating the price, should Government change their mode of operation, p. 41——Prices at which agents had supplied a year's provision, allowing for sale and internal consumption, p. 44, par. 8——Limits of agents as to price for the supply of Bombay market, p. 56, par. 5——Consequences of the removal of restrictions on the price at Bombay, p. 58, par. 10.

VI.—*General Regulations:*

Draft of, proposed, p. 7——Consequences of the monopoly of the East India Company in Central India, p. 42——New regulations, sanctioned by the East India Company, for the purchase of opium, p. 46, par. 23.

See also *Passes.*

P.

Pasley, Lieutenant; His opinion on the treaties and regulations of the East India Company, as to the opium trade, p. 38.

Passes for Opium. Policy of granting, for exportation, p. 44, par. 13, 14, 15——Necessity of compounding with sahookars, p. 45, par. 18——Measure adopted for commuting pass arrangement approved of, p. 46, par. 23——Issue of, conjointly with purchases recommended, p. 47, par. 26——Price to be demanded for, p. 47, par. 27——Plan incompatible with that of purchasing for re-sale, p. 47, par. 31; p. 49, par. 37——Objections to granting passes simultaneously with a continuance of purchases, p. 49, par. 39——No claims on the Government could arise from the issue of passes, owing to their immediate recal, p. 50, par. 42, 43——Plan of purchasing for re-sale entirely relinquished, and Government dealings confined to granting passes for free conveyance to Bombay for exportation, p. 51, par. 50——Manner in which Major Stewart granted passes in proportion to the deliveries, p. 51, par. 51——Prices at which passes could be readily sold, p. 53, par. 56——Good policy of granting; considerations under which they should be issued, p. 53, par. 59——Plan for selling by auction suggested, and abandoned; reasons of the Government, p. 53, par. 60——Ease with which revenue can be collected under a system of, p. 53, par. 61——Notice of Government as to the mode of application for, at Bombay, p. 53, 54, par. 62——Establishment to be reduced in consequence of this system, p. 54——Revenue derived from issue of, to be brought to account at Bombay, p. 54——Further regulations for the issue of, at Bombay, p. 54, par. 65, 66, 67——Answers of the Bengal Government to Sir J. Malcolm's suggestions for the regulation of, p. 57, par. 7——Bombay Government to arrange the detail of, as far as Bombay is concerned, p. 59, par. 14.

Patna. Extensive buildings there in the opium department, p. 6, par. 12.

Pearson, Mr. See *Attorney-General.*

Peertaubghur; Effect of treaties in, p. 38.

Permit-Salt. Quantity of permit-salt sold May 1825 to April 1826, p. 83, par 10——Balance of permit and other foreign salt expected to remain on hand after February sale 1830, p. 95, par. 18.

See also *Salt*, 5.

Prince of Wales Island; No salt regulations required there, p. 4, par. 4.

Pringle, Captain. Opinions of, on the treaties and regulations of the Company, as to the opium trade, p. 38.

Profit. See *Salt*, 7.

Prohibitory Regulations. See *Opium*, IV. 1.

Q.

Quality. See *Opium*, V. *Salt*, 8.

R.

Rajpootana. Treaties concluded with the native powers in Rajpootana, were procured by improper exertion of the influence of the East India Company, p. 30, 31——Horror of the natives at the attempt of the Company to secure the monopoly of the opium trade, p. 31——Treaties submitted to in, never cordially adopted, p. 36.

Ramgur; Appointment of a Collector at, p. 20, par. 4.

Regulations. See *Salt*, 9.

Restraining Regulations. See *Opium*, I. 4; III. 2; IV. 1. *Salt*, 9.

Revenue. See *Opium*, III. *Salt*, 10.

Roads, By which opium can be conveyed, in any quantities, from Central India to the Coast, is not considerable, p. 24, par. 8.

Rock Salt. See *Salt*, 5.

Rohilcund. Propriety of refusing to establish an opium agency there, p. 21, par. 7.

Rungpore. Illicit cultivation, p. 89, par. 78——Of inferior quality, appropriated for internal consumption, p. 10, par. 82.

Ryots. Their state in Central India, p. 31——Contentment of, as long as internal consumption is cheaply provided for, p. 32——Their dissatisfaction at the monopoly of the Company, p. 33——Effect of opium regulations not injurious to, p. 39.

S.

Sahookers. General opinion that the treaties regulating the opium trade are injurious to them, p. 39——Causes which they have to complain of the measures of Government p. 40——Manner in which Major Stewart compounded with them as to passes, p. 45, par. 18.

Sales. See *Salt*, 11.

SALT:

1. *Generally.*
2. *Agencies.*
3. *Clearances.*
4. *Duty.*
5. *Export.*
6. *Manufacture.*
7. *Profit.*
8. *Quality.*
9. *Regulations.*
10. *Revenue.*
11. *Sales.*
12. *Supply.*
13. *Illicit Trade.*

1 *Generally:*

Directions to enter into considerations of advantages to be derived from unrestricted trade in, and grain, between the two Presidencies, p. 73, par. 27——Quantity of salt which, upon an average of 20 years, was cleared from the golahs, and carried into the interior, p. 78, par. 18——Actual clearances of salt for 10 years, 1820—1829, p. 94, par. 10.

2. *Agencies:*

Results of Reports from salt agents as to the capabilities of the Bengal aurungs, p. 66, par. 20——State of deficiencies 1818, p. 66, par. 21——Agencies alone are even more than adequate to the full supply of the market, p. 68, par. 28——Small profit derived from salt imported, compared with salt from agencies, p. 68, par. 30——Comparison between sales of agency and inferior imported salt; no necessity for continuing the latter, p. 69, par. 34——Quantity of salt which the agencies could supply, p. 69, par. 36——Minimum produce of Bengal and Cuttack agencies, p. 70, par. 40—— Agents should particularly attend to the productive powers of the various aurungs, p. 71, par. 52——Good administration of, 1827, p. 72, par. 23——No apprehension of agencies being able to meet demand for supply, p. 72, par. 25——Difficulty of procuring supply from, a reason for looking to the coast for supply, p. 74, par. 25——Coromandel salt would, by undergoing a process, fill up deficiency of agency salt at Bengal, p. 75, par. 26——Season at which agency salt is first brought to sale, p. 79, par. 5——Agency salt sold 1821—1826, p. 80, par. 6——Agency salt sold 1825-26, p. 82, par. 9——Agency salt sold from December 1825 to April 1826, p. 83, par. 10——Agency salt sold from March 1826 to April 1827, p. 83, par. 10——Production of agency salt more advantageous than

Salt—continued.

2. *Agencies*—continued.

than importation, and an increase of manufacture at the most productive agencies would be preferable to a resort to the coast, p. 89, par. 31——Statement exhibiting the clearances of salt from the golahs of the several agencies for the month of December 1828, compared with the clearances for December 1829, p. 96——Statement of the quantity of salt cleared from the Agency and Sulkea golahs 1828—1829, with a memorandum of the total quantity of salt sold, but remaining uncleared, December 1828—1829, p. 97.

3. *Clearances:*

Statement exhibiting the clearance of salt from the golahs of the several agencies for December 1829, compared with the clearances for the month of December 1828, p. 96——Statement of the quantity of salt cleared from the Agency and Sulkea golahs, 1828—1829, with a memorandum of the total quantity of salt sold, but remaining uncleared, up to December 1828—1829, p. 97.

4. *Duty:*

Regulations for imposing a duty on foreign salt, p. 2, par. 10——Regulations for increasing the rates of duties on Western salt imported into or in transit through the Ceded and Conquered Provinces; for levying a further duty upon those salts on entering Benares; and for remitting the town-duty at present leviable on Western salt imported into the City of Benares, approved of, p. 78, par. 26——Reference to the Attorney-General as to the legality of taxing the Province of Benares, so as to equalize the salt duty, p. 90, par. 32——Answer of the Attorney-General, p. 91, par. 36——Proposition for levying an enhanced duty on Western salt consumed in the Benares Province, p. 92, par. 38.

5. *Export:*

May be exported from England to India, p. 2——Regulation imposing duty on importation of foreign salt ordered, p. 63, par. 10——Profit derived from imported salt compared with that received from the agencies, p. 68, par. 30——Interest of the Government of Fort St. George not promoted by the export of coast salt, p. 68, par. 32——Opinion of the Board of Trade of what will be the permanent adequate importation of coast salt, p. 69, par. 36——Regulation of the supply for the better management of the Salt Trade recommended, p. 71, par. 43——Imported at Sulkea, viz. Cuttack, Madras, Permit, Bombay, and Rock salt; also, 9,302 maunds of confiscated salt, sold between 1821—1826, p. 80, par. 6——Quantity of Sulkea salt imported, 1825–26, p. 82, par. 9——Quantity of salt imported on which customs duties were paid, 1818—1828, p. 84——Regulation of the Board for limiting the importation of Cuttack salt approved of, p. 88, par. 25——Quantity of Madras and permit salt to be imported 1830, p. 95, par. 19.

6. *Manufacture:*

Abandonment of certain number of Aurungs recommended, p. 66, par. 17——Consequences on the Molunghees, p. 66, par. 17, 18——Reductions made in surplus stock by restrictions on manufacture, p. 66, par. 19——Unrestricted manufacture allowed on account of deficiencies 1818, p. 87, par. 21——Notwithstanding unrestricted manufacture supply fell short of estimate 1818, p. 70, par. 39——Advance of price to Molunghees; apprehensions of their deserting the manufacture, p. 73, par. 37——Complicated and expensive machinery necessary for Bengal establishment, p. 74, par. 38——Seasons at which the manufacture takes place, p. 79, par. 5——Regulations of the Board for restricting the manufacture at the several agencies approved of, p. 88, par. 25——Opinion of the Board at Madras on the effect of the suspension of manufacture of salt, p. 88, par. 27——A larger manufacture of agency salt preferable to a resort to the coast for importation, p. 89, par. 31——Quantity of coast salt necessary for the native consumption, p. 89, par. 31——Reduction in the quantities of salt manufactured at Bengal and Cuttack, p. 95, par. 16.

7. *Profit:*

Difference between profit on coast salt, and salt manufactured at Cuttack and Bengal agencies, p. 68, par. 28——Profit to the Madras treasury on a Madras garce of salt, p. 68, par. 30——Profit derived from imported salt, compared with that received from the agencies, p. 68, par. 30——Profit on Bengal salt as compared with inferior salt, p. 69, par. 34——Molunghees to be allowed an adequate profit for their tydaad salt, p. 71, par. 52——Gross and net sums which may be realized according to the quantity of salt Government may bring to sale; estimated profit, p. 94, par. 12.

8. *Quality:*

Comparison between relative price and quality of coast imported salt and agency salt, p. 69, par. 34——Improved quality of Madras as compared with Bengal, p. 72, par. 27.

9. *Regulations:*

Draft of regulations prepared, p. 2, par. 1; p. 3, par. 2——Regulations required at Prince of Wales Island and Fort Marlborough, p. 4, par. 14——No regulations required

SALT—continued.

9. *Salt Regulations*—continued.

at Prince of Wales Island and Fort Marlborough, p. 63, par. 10——Failure of various regulations of the Government of India, p. 65, par. 11, 12——Proposed alterations of, relative to supply and sale price, p. 76, 77, par. 6–18——State and prospects of the salt revenue; points in regard to which former information was defective; new regulations proposed, p. 88, par. 28, 29, 30, 31, 32——Regulation for levying an enhanced duty on the Western salt consumed in the Benares Province, p. 92, par. 38.

10. *Revenue:*

Importance of securing the revenue, p. 3, par. 10——Protection of, recommended, p. 63, par. 10——Unfavourable state of, 1814–15, as compared with former years, p. 64, par. 27——Causes of the decrease of profit, p. 64, par. 27, 28——Alarm of the Government at home at the serious decrease in, p. 64, par. 32——Amount of sales, amount of selling price, and net profit of the revenue, 1815–16—1818–19, p. 67, par. 26——Revenue derived at Fort St. George from salt exported to Bengal very inconsiderable, p. 68, par. 29——Revenue would not suffer by discontinuance of supply of inferior salt, p. 69, par. 34——Effect which any sudden abandonment of the demand from Bengal would have upon the salt revenue of Fort St. George, p. 70, par. 37——Stability of, depends upon extension of consumption, p. 72, par. 23——Security to the revenue by regulations 1829, has not improved, p. 73, par. 34——Advantages resulting from the separation of the golah and omlah officers, p. 73, par. 36——Effect likely to be produced on the revenue by experiments of increasing quantity and reducing price, p. 76, par. 6–12——Existing salt revenue not capable of increase by extension of supply, as at present regulated; only method of increasing the revenue is to extend the tax to countries not now furnished from Calcutta, p. 89——Consequences to revenue should sales of salt not be diminished, p. 94, par. 11.

11. *Sales:*

How conducted in 1818, p. 66, par. 21——Amount of sales, amount of selling price, and net profit of revenue, 1815–16—1818–19, p. 67, par. 26——Necessity of bringing a large quantity of inferior salt to sale questioned, p. 69, par. 34——Effect on sales of 1818, of want of sufficient supply of salt, p. 70, par. 39——Importance of diminution of the cost of this article, p. 72, par. 24——System recommended for the supply of, instead of periodical sales, p. 72, par. 24——Effect likely to be produced on revenue by increase of supply and diminution of sale price, p. 76, par. 6–12——Seasons at which the sale of agency salt takes place, p. 79, par. 5——Sold by retail in Cuttack 1821—1826, p. 80, par. 6——Quantity of salt sold in 1821–22, p. 81, par. 7—— Quantity of salt sold 1825–26, p. 82, par. 9; p. 83, par. 10——Quantity of salt sold, but remaining in the golahs, in each year 1790—1825, p. 84——Quantity sold by public auction in each year 1790—1828, p. 84——Total quantity of salt available, and which it rested with the purchaser to clear, 1790—1828, p. 84——Average price per 100 maunds salt sold at Honourable Company's sale, 1790—1828, p. 85——Retail sale of salt at reduced prices in Cuttack and Chittagong, p. 85——Opinion of the Board, supposing the plan of fixed annual sales to be adhered to, how many should be made in the year, and at what periods, p. 86, 87—— Quantity sent from golahs in 1829, p. 93, par. 3——Consequences to merchants should the sales not be diminished, p. 94, par. 11——Gross and net sum which may be realized according to the quantity of salt Government may bring to sale, p. 94, par. 12——Reduction of, to reduce balance of uncleared lots, recommended, p. 94, par. 13; p. 95——Objections to decreasing the amount of sales, p. 95, par. 15——Balance of Bengal and Cuttack salt expected to be on hand after February sale, p. 95, par. 17——Quantity of sold salt cleared December 1828—1829, and from the beginning of each official year 1828–1829, p. 96—— Directions to limit the quantity of salt to be sold at the various sales 1830, p. 97, 98.

12. *Supply:*

Nature of the surplus system, p. 65, par. 14——Causes of its failure, and reasons for its discontinuance, p. 65, par. 15, 16——Deductions made in surplus stock by restrictions on manufactures and importation, p. 66, par. 19——Deficiency of supply from Cuttack in 1818, p. 66, par. 21——Permanent standard of the annual demand, as assumed by the Board of Trade 1817, p. 67, par. 26——Amount of sales, amount of the selling price, and net profit of revenue, 1815–16—1818–19, p. 67, par. 26——Agencies alone sufficient to the full supply of the market, p. 68, par. 28——Necessity of supply of large quantities of inferior salt questioned, p. 69, par. 34——Quantity necessary; amount furnished by agencies, p. 69, par. 36——Revival of surplus system in Cuttack; use to the Government and benefit to the people, p. 70, par. 38——Amount necessary to retain in store 1817, p. 70, par. 39——Amount proposed to be kept in store subsequent to 1817; insufficiency of these estimates, p. 70, par. 39——Notwithstanding large supply 1818, supply fell short of estimate, p. 70, par. 39——Amount drawn from balance in store in 1818, p. 70, par. 40——Effect of successive bad seasons on demand for, p. 71, par. 41——Method recommended for revising the present means for, p. 71, par. 43——Manner proposed for regulating bounties for the supply of, p. 71, par. 53——Remedy proposed for the present fluctuating supply, p. 72, par. 24——Regula-

SALT—continued.

12. *Supply*—continued.

tions of 1829 have in no way increased the supply, p. 73, par. 34——Necessity of attention of the Indian Government to the supply to be derived in case of deficiency from coast salt, p. 74, par. 38——Insufficiency of, for the population of Bengal, p. 74, par. 23——Supply from the coast necessary on account of insufficiency of agencies, p. 74, par. 25——Bengal might be supplied from Coromandel Coast, p. 75, par. 26——Proposed alterations in, to promote consumption, p. 76, 77——Quantity which, on an average of twenty years, was supplied to the interior, p. 78, par. 18.

Quantity of salt consumed in those provinces which were intended to be supplied with the Company's salt, 1790; viz. Tumlook, Jessore, Bullooah, p. 84——Quinquennial and annual average increase in the supply of salt 1790—1828, p. 85——Total supply of illicit salt of every description to the inhabitants of those provinces, the consumption of which was intended to be provided by the monopoly, 1790—1828, p. 85——Extent of supply required for the year's consumption of Bengal and Behar, and quantity to be provided with reference to the wants of the population on one hand, and the maintenance of the revenue on the other, p. 86, 87——Curtailment of supply for the sake of clearing the Company's golahs of sold salt, p. 93, par. 137——Effect of over-supply on the merchants' stocks in golahs, p. 93, par. 4——Actual clearances of salt for ten years, 1820—1829, p. 94, par. 10.

13. *Illicit Trade:*

Great prevalence of smuggling, p. 64, par. 29——Temptation to, on account of large revenue drawn from, p. 64, par. 32——Causes of the increase of, p. 65, par. 13, 14——Great increase of, owing to the abandonment of Aurungs, and the throwing molunghees out of employment, p. 66, par. 17, 18——Means of preventing, p. 66, par. 21——Any sudden abandonment of the demand from Bengal of salt might afford molunghees the means of creating contraband trade, p. 70, par. 37——Demand will increase in proportion as smuggling is prevented, p. 71, par. 54——Reports of illicit dealing in salt much exaggerated, p. 89, par. 31.

Sangor; Importance of experiments going on at, and results expected therefrom, p. 72, par. 26.

Sarum; Approval of the appointment of Collector at, p. 20, par. 47.

Shahabad; Approval of the appointment of Collector at, p. 20, par. 47.

Shipping. Advantages derived by ship-owners from the trade in salt, p. 68, 69.

Sirowey; Territory of, in no way affected by opium engagements, p. 34.

Smuggling. See *Opium Trade*, II. 2. ix.

Stewart, Major. Manner in which he compounded with Sahookars as to passes for opium, p. 45, par. 18——Desire of chiefs to relinquish treaties; information from Major Stewart on this subject, p. 46, par. 20.

Store. See *Salt*, 12.

Sulkea. Quantity of salt imported and confiscated, 1825–26, p. 82, par. 9——Sulkea salt, viz. Cuttack, Madras, Permit, Rock, Mocha, and confiscated salt, sold from May 1825 to April 1826, p. 83, par. 10.

Supply. See *Salt*, 12.

Sutherland, Major. His opinion of the arrangements of the Company for restricting the cultivation of the poppy, p. 36.

Swinton, Mr. Approval of his appointment as agent at Malwa, p. 19, par. 43——Resignment of his office, p. 24, par. 3——Satisfaction expressed at his inquiries, p. 24, par. 6——Activity with which he prosecuted his inquiries, p. 24, par. 8.

T.

Tirhoot; Approval of the appointment of Collector at, p. 20, par. 47.

Trade, Illicit. See *Opium* II. 2. vii. *Salt*, 13.

Transit Duties. See *Revenue*.

Trotter, Mr.; His memorial concerning supply of salt; opinion of the Court thereupon, p. 75, par. 25.

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Tumlook; Quantity of salt consumed in, as supplied with Company's salt, since 1790, p. 84.

Turkey Opium. Importation cannot be prohibited, but restraining duties may be imposed, p. 1, par. 4——Price of, in the London market, p. 1, par. 6——Company may refuse license to send it to China, p. 2, par. 7——Cannot prevent the trade in, from the Eastern Isles to China by foreigners, p. 2, par. 9——Imported into Bengal, p. 3, par. 6——Consequences to Indian opium from the opposition of, in Chinese and Eastern markets, p. 11, par. 2——Traders in, rivals of the Company in China market, p. 12, par. 43——Manner of conveying, from Turkey to China, p. 13, par. 46——Lowest recorded price of Turkey opium in the Mediterranean, p. 13, par. 50——Price at which Turkey opium, bought in the Mediterranean, would yield a fair profit in China, p. 14, par. 54——Comparative value of Turkey and Bengal opium, p. 14, par. 55——Difficulty of driving Turkey opium out of the market, p. 15, par. 58——Relative value of Bengal and Turkey opium, p. 27.

W.

Wellesley, Mr. His co-operation with Mr. Swinton in managing the trade in Malwa opium, p. 24, par. 12—— Answers furnished by the opium agent to queries from Government; concurrence of Mr. Wellesley in the statement, p. 31——His answers to applications from the Government, p. 33, 34.

See *Malwa*.